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POLITICAL AFFAIRS

Recent Khasbulatov Statements Examined

934K0185A Moscow ARGUMENTY I FAKTY
in Russian No 5, Feb 93 p 2

[Article by A. Uglov, under the "In the Halls of Power" rubric: "Misfortune' Came From Where It Was Least Expected...."]

[Text] Millions of Russians impressed by R.I. Khasbulatov, chairman of the Russian Federation Supreme Soviet, were clearly very distressed last Friday. Appearing in Podolsk, the speaker acknowledged that he would not be running either for the position of president or for people's deputy of Russia. Just a few days earlier, he had stated that he was quite tired after the past two and a half years.

However, the simplicity of R.Kh. is not so simple. One of the initiators of the April referendum on principles of the new Constitution, he suddenly began "loading" it with the question of new elections "of all and sundry" including of the deputies and president. The present deputies can hardly be expected to vote for their dissolution, however, and will only agree to new elections of the president.

We can agree with the fact that R.Kh. will make no attempts to become the Russian president—with all his "simplicity" it would be absurd to dream about that. But if he requests it from the people of some remote rural district, he will become a deputy. (As CPSU Central Committee members A. Vlasov, in Yakutia, and V. Vorotnikov, in Adygea, became Russian deputies, at the request of "the people"). And by virtue of the fact that democrats can hardly count on victory in the possible parliamentary elections, new deputy R.Kh. may again become one of the leaders of a conservative parliament.

It would be appropriate to assume that R.Kh. is interested in exchanging his deputy's seat from Checheno-Ingushetia for some other one. One will not see him in Grozny, in his electoral district, although the Chechen authorities, without recognizing R.Kh. as their deputy in Moscow, are in no hurry to recall him officially, since money comes in regularly from Russia. According to the 1993 budget, which the Supreme Soviet of Russia should ratify, it is expected to receive R3 billion [rubles] from Chechnya in the form of federal taxes, and to transfer to it in the form of grants—R18 billion.

It remains to be added that, if R.I. Khasbulatov is truly tired and convinced that "politics is a dirty business," he could fade quietly into retirement. And then there would be no need to drag everybody along with him and waste millions on new elections to the Congress, which has already proven its own clumsiness and will die off in two years.

According to yet another version, the speaker's activity is related to the fact that it is no secret to him that there is

a serious ripening "plot" in deputy circles to remove him. Only the agrarian and industrial interests remain entirely loyal. However, one representative from the latter noted in a discussion of R.Kh.'s fate that "we will wait until fall."

P.S. According to certain information, former speaker of the Union parliament A.I. Lukyanov has unofficially entered the election campaign, seeking a seat in the Russian parliament. Specific evidence of this can be seen in his energetic interaction with the National Salvation Front and V.V. Zhirinovskiy, who is aspiring to form a new parliament. Thus, two speakers—Teacher and Pupil—may soon be having an encounter with one another.

Moscow Meeting Supports Constituent Assembly

934F0007A Moscow ROSSIYSKIYE VESTI in Russian
28 Jan 93 p 2

[Report by Sergey Kornilov: "The Historical Laughter of Ilich"]

[Text] The idea of the convening of a Constituent Assembly (Constitutional Assembly) for the adoption of the new Constitution of Russia has once again returned to the political arena, apparently. In the wake of the conference of representatives of various parties, movements, and regions in support of the idea held on 18 January in St. Petersburg, the workshop "The 75th Anniversary of the Constituent Assembly and the Development of the Constitutional Process in Russia" was conducted in Moscow.

As in St. Petersburg, the participants in the Moscow conference placed responsibility for the rapidly developing state crisis in the country on the authorities as a whole, making no allowances for any of the three branches. According to M. Salye (Free Democratic Party of Russia), we have, instead of authorities, two mutants: a two-headed representative authority—the Congress and the Supreme Soviet—and a three-headed executive—Yeltsin, the government, and Khasbulatov—and the latter also is endowed with hitherto unprecedented executive powers. It is this deformed accumulation of authorities and their confrontation among themselves which make impracticable their adoption of a new democratic Constitution of the Russian Federation. This function, in the conference's opinion, should be assumed by a Constituent Assembly (Constitutional Assembly)—a democratically elected independent representative body created especially for the adoption of the Constitution and a new election act. It is contemplated that the term of the Constituent Assembly would be limited to several months, upon the expiration of which its powers would be terminated.

We have to agree with the speakers at the conference that the truth about the Constituent Assembly of 1917-1918, which contains much that is interesting and instructive, is greatly needed by today's citizens of Russia. This

applies also to the Bolsheviks' struggle against the Constituent Assembly representing a barrier to their claims to a monopoly of power. This includes the arrest of the Electoral Commission, the arrest and declaration as enemies of the people of all representatives of the Party of Constitutional Democrats in the Constituent Assembly on the eve of its opening, and much else. The historian A. Solmin recalled that Lenin, having learned of the breakup of the Constituent Assembly, guffawed hysterically for four hours without a stop....

No one made light at the conference of the difficulties and the impracticability of the questions connected with the convening of a Constitutional Assembly.

There were dissenters also. It is to the conference's credit that the dissidents were heard with due attention. Delivering an individual opinion, People's Deputy V. Sheynis said that he did not consider the adoption of a new Constitution a priority, since even a new Constitution could prove inoperative under the conditions of the most severe crisis. It is more important, in his opinion, to halt the collapse of finances and the economy.

The document adopted by the conference contains a proposal for the inclusion of a question on the convening of a Constituent Assembly (Constitutional Assembly) on the ballot of the April referendum. The notion that the referendum would thus become an instrument of the polarization of all of society did not frighten those assembled. As G. Kasparov said, "A game of soccer in Luzhniki will not change the system of power. We need to strive to the utmost for the adoption of a new Constitution. Only in this way will it be possible to make up for what was lost in August 1991."

Party Positions on Referendum Reported

934F0006A Moscow ROSSIYSKIYE VESTI in Russian
28 Jan 93 p 2

[Article by Igor Kharichev: "Attitude Toward Referendum: Positions of Parties and Movements of the Russian Federation"]

[Text] The table gives data on the positions of the parties and movements regarding the most crucial issues at the present time:

1. Attitude toward the referendum on the main provisions of the Constitution scheduled for 11 April of this year (full support ++; partial support +);
2. Attitude toward the Constituent Assembly (positive ++; positive with reservations +; negative -);
3. Attitude toward the possibility of early elections to the Supreme Soviet in 1993 or the beginning of 1994 (positive ++; with reservations +; negative -);
4. Attitude toward method of forming the Constituent Assembly (elections—V; delegation from the Supreme Soviet, president, parties, etc.—D; combined method—S);

5. Attitude toward the possibility of forming a permanent "roundtable in support of reforms" of political parties and movements with democratic orientation with the participation of representatives of the government and factions of the Supreme Soviet of the Russian Federation (support for this version of a roundtable as a priority ++; support +);

6. Attitude toward the possibility of forming a permanent "roundtable for civic peace" with the participation of all registered political parties and movements (support for this version of the roundtable as a priority ++; support +).

In cases where the question was not discussed or the party's position was not determined there is a question mark.

Abbreviations of party names:

VSO—All-Russian Renewal Union

DR—Democratic Russia movement

DPR—Democratic Party of Russia

KPR—Peasant Party of Russia;

NPP—People's Patriotic Party

NPR—People's Party of Russia

NPSR—People's Party of Free Russia

PKD—Party of Constitutional Democrats

PES—Party of Economic Freedom

RDDR—Russian Movement for Democratic Reform

RKRP—Russian Communist Workers Party

RPDP—Russian Party of Democratic Transformations

RPK—Russian Party of Communists

RPRF—Republican Party of Russia

RPST—Russian Party of Free Labor

RSLP—Russian Social-Liberal Party

RKhDD—Russian Christian Democratic Movement

RKhDP—Russian Christian Democratic Party

SvDPR—Free Democratic Party of Russia

SDPR—Social Democratic Party of Russia

SPT—Socialist Party of Workers

KhDS—Christian Democratic Union of Russia.

Among the large organizations, as before, is the Democratic Russia movement (although the number who support it has decreased considerably and now amounts to about 150,000 people), the DPR (roughly 50,000 members), the NPSR (70,000), and the SPT (60,000).

The number of members and supporters of the RKRK is approximately 100,000. The membership of the RPK is about 3,000. Among the organizations whose numbers have decreased appreciably one can include the RKhDD (V. Aksyuchits), which now has 1,000-1,500 members.

The Democratic Russia movement includes: the RPRF, PKD, RPST, RKhDP, and SvDPR. The Democratic Choice association includes 30 organizations, and among the sociopolitical ones: Democratic Russia, NPP, RPRF, RKhDP, and PKD. Members of the Civic Union bloc are the DPR, NPSR, and VSO and also the Smena-New Policy faction of the Supreme Soviet of the Russian Federation. The New Russia bloc includes: the NPR, SDPR, RSLP, KPR, KhDS, and a number of other organizations.

As one can see from the table, the forthcoming referendum is eliciting much more support from the parties and movements than the Constituent Assembly is, although the one does not preclude the other, and one of the questions on the 11 April referendum could quite possibly be that the Congress of People's Deputies or some other organ should adopt a new Constitution of the Russian Federation. The idea of the adoption of a new Constitution by the Constituent (or Constitutional) Assembly is mainly supported by parties and movements with a market orientation which, according to terminology accepted in world practice, are called right-wing. Early elections are also supported by the majority of organizations, although, true, some of them insist on simultaneous repeat elections not only of the highest organ of legislative power but also the president of Russia.

No.	Name	1	2	3	4	5	6
1.	VSO (Vladislavlev)	+(1)	-(2)	-(2)	?	++	++
2.	DR (Yakunin, Ponomarev)	++	++	++	S	++	+
3.	DPR (Travkin)	++	-	++(3)	?(4)	++	+
4.	KPR (Chernichenko)	++	++	++	V	++	++
5.	NPP (Kotenev, Gil)	++	++	+	V	++	++
6.	NPR (Gdlyan, Borodin)	++	++	+	V	++	++
7.	NPSR (Rutskoy, Lipitakiy)	++(5)	-	++	V	++	++
8.	PKD (Zolotarev)	++	++	++	V	++	+
9.	PES (Borovoy, Fedorov)	++	+(6)	++	V	++	+
10.	RDDR (Popov)	++	++	+	S(7)	+(8)	+
11.	RKRK (Kosolapov, Anpilov, et al)	-	-	-	?	+	++
12.	RPDP (Braginskiy)	++	++	++	S	++(8)	+
13.	RPK (Kryuchkov, et al)	+	-(9)	?	?	+	++
14.	RPRF (Lysenko, Filippov, et al)	+(10)	-	+(11)	V	++	++
15.	RPST (German)	++	++	+	V	++	++
16.	RSLP (Filin)	++	++	+	V	++	++
17.	RKhDD (Aksyuchits)	-	+(12)	++(13)	V	+	++
18.	RKhDP (Chuyev)	++	++	++	V	++	+
19.	SvDPR (Salye)	++	++	++	V	++	+

No.	Name	1	2	3	4	5	6
20.	SDPR (Averk- iyev)	+(14)	++	++	V	++	++
21.	SPT (Sklyar, Vartazarova)	-	-	?	?	+	++
22.	KhDS (Ogor- odnikov)	++	-	++	V	+	++

(1) Only under the condition that people understand the wording of the questions.

(2) Could seriously destabilize the political situation in Russia.

(3) Under the condition of simultaneous repeat elections of the highest organ of legislative power and the president of Russia.

(4) The question is not being considered since the DPR does not support the idea of a Constituent Assembly.

(5) Under the condition that the preparation for the referendum does not cause destabilization of the political situation.

(6) There is no legitimate mechanism for forming a Constituent Assembly since everything lies in the hands of the Supreme Soviet.

(7) There are no objections in principle to version V.

(8) The RDDR and RPDP consider it a priority at the present time to have a roundtable on coordination of positions on the Constituent Assembly.

(9) The RPK would not be against convening a Constituent Assembly if the idea of conducting it is supported on the referendum.

(10) Most likely the referendum will not produce the desired results.

(11) Elections according to the law on elections in effect are meaningless.

(12) The RKhDD defends the viewpoint that the Constituent Assembly should be convened after a transition period of two to three years.

(13) The RKhDD is in favor of elections of organs of power for the transition period.

(14) If the questions are worded "acceptably."

Yelena Bonner Argues in Favor of Constituent Assembly

934C0783A Moscow IZVESTIYA in Russian 23 Jan 93
Morning Edition p 8

[Article by Yelena Bonner; "Only a Constituent Assembly Is Capable of Resolving the Authority Crisis"]

[Text] All one has to do is to say the words "Constituent Assembly" and an image flashes into one's mind: a sailor

in a pea-jacket, a rifle Model 1800-something, and "The Tired Sentry." We have lost the meaning of the word "constituent" and, like foreigners who are not fluent in Russian, we fail to understand its creative content. We have been "taught" this over the decades. Now new political analysts are feeding that stereotype, claiming that an election to the Constituent Assembly will lead to a schism in society and practically to a civil war, and that the republics that are Federation subjects will reject the election to the Constituent Assembly and that assembly will lead to the collapse of Russia.

There are no arguments behind these assertions, but, when this is repeated constantly—like the "truths" that were at one time presented in the party enlightenment system—people become accustomed to them and they become something like a reality. In exactly this same way it has become something like a reality that we are already living in a new state, although everyone calculates its age in the way that God tells him to—some from the proclamation of the sovereignty of the RSFSR, others from August 1991, and still others from the raising of the Russian flag over the Kremlin. Actually, the Russian Federation—Russia—has not yet been established. This historic task must be carried out by the Constituent Assembly, by creating and adopting its Constitution.

As early as the 1st Congress of People's Deputies, a Constitutional Assembly was created. Soon the first draft appeared. Then the main question hovering in the air was: what kind of republic should it be, parliamentary or presidential? The frightened "owlets," fearing a dictator, were in favor of a parliamentary republic, completely ignoring the fact that a dictatorship of the collective is also possible (in our instance, the congress, the Supreme Soviet, the Presidium. Or its chairman). The authority circle is closing. Amendments to the draft of the new Constitution are beginning—one amendment, then another. Then then. A hundred! "And we thank you for that!" The new Constitution, by its number of patches and contradictions, already differs very little from the old one, that was patched and repatched. No "restraints" or "counterbalances" have become its lifebelt.

So who knows what kind of republic is better? Italy lives rather well according to the parliamentary type, although, on the basis of the number of parliamentary crises, it has apparently been listed in the Guinness Book of Records. The United States lives according to the presidential type. And it also lives rather well. So "people say that the Eskimos kiss by rubbing noses, but we don't do it that way." However, the "parliamentary or presidential" argument has covered everything. And

the people who have been left out of the picture are the nation—those people whose will should guide the legislator, and for whom, in the final analysis, the state exists. It is fed by the previously cited stories about an irreversible schism in society and a war if there is a Constituent Assembly. And as for that nation that is "left out of the picture," this is proof of the ease with which the congress, having taken offense at the president for his having been so bold as to make stammering statements about appealing to the nation, almost deprived the nation completely of the right to vote—the right to a referendum. And the land referendum that was "soaped up" by the Supreme Soviet, despite the signatures of 1.8 million citizens and 350 deputies, also is a direct confirmation of that. Why has the Constitutional Court not yet explained to the legislators that they have violated the Constitution in the grossest manner?

The formula that was thought up for the April referendum—the Basic Principles of the Constitution—is yet another method for making a fool of everyone. Because onto any of the brightest "basic principles" the congress of people's deputies will stamp so many articles in the Constitution that neither hide nor hair will remain of the "principles." And the only sensible answer the nation can give to this kind of referendum must be to ignore it completely—"I can't see it even though I'm looking right at it," just as the authorities do not see the nation even when looking right at it.

But the referendum will be held and it undoubtedly will provide a precise answer if two questions (which essentially are just one) are asked: who is supposed to create and adopt the Constitution of the Russian Federation, of Russia?

1. The congress of people's deputies—yes or no;
2. The constituent assembly—yes or no.

The constituent assembly must operate only for the period of creating and adopting the Constitution and the election law, and also the period of carrying them out under its aegis. That period of time cannot be very short, but it must not be prolonged indefinitely. The Constituent Assembly will accept for consideration the draft of the Constitutional Commission, the presidential draft, and other alternative drafts. And it will create a document that is uncontradictory, that is conceptually harmonious, that is based on the Universal Human Rights Declaration, and that puts an end to the war between the authorities that has been catastrophically drawn out.

On the basis of the results of the April referendum (I am convinced that it will be positive if the question concerning the Constituent Assembly is raised there), an election of the Constituent Assembly must be scheduled—optimally in June or the beginning of July 1993. During the year and a half after that, the assembly's work and a new election will be carried out. During all that time the Supreme Soviet, the congress, the president, and the government will function. The only limitation placed on the legislative authority is that it cannot,

during that period of time, enact any amendments to the Constitution that is in effect. The Constituent Assembly must not be cumbersome—it must consist of something like 160-220 members. Correspondingly, the people elected to it, from the various districts, must be one deputy for every one million voters over the entire territory of Russia, plus one deputy each for each Federation subject that has up to one million persons, or two for Federation subjects having a population of more than one million.

The persons elected to the Constituent Assembly must not include persons who have been elected to legislative agencies, or persons who occupy positions in the executive state authority. Or they must divest themselves of those duties. Neither prior to the beginning of the work of the Constituent Assembly, nor after its termination, the assembly members do not receive any compensation, but during the period of its work they receive a salary equal to the salary of a people's deputy working in the Supreme Soviet on a permanent basis, as well as free housing in the city where the Constituent Assembly will work (not necessarily Moscow), and free round-trip transportation home during vacations and state holidays.

Members of the Constituent Assembly cannot run as candidates in the first election after the adoption of the new Constitution. A residency requirement must be established for candidates for election as members of the Constituent Assembly—no less than two years' residency in the district from which they are elected. Thus, we shall avoid the mistakes of previous years, when Muscovites were elected from Yakutia or Chechnya, and, most importantly, we shall finally give Russia—the real Russia, that is provincial in the best sense of that word—the right to have actually its own representatives in the agency that is establishing its future.

The referendum the decision concerning which was made by the 7th Congress—three pages of basic principles—is the latest in a series of deceptions on a country-wide scale, a blind alley that possibly has not been recognized at this moment. Our three authorities, that are welded to one another to form the single chain of the "Solomonic" decision, must recognize this and must conduct the referendum on the Constituent Assembly. Especially since this kind of constitutional process—a truly constitutional one—practically speaking, will not reduce the period during which our current legislators will remain in power.

Security Ministry Says Lefortovo Holds Ten 'Foreign Agents'

934C0783B Moscow KOMSOMOLSKAYA FRAVDA
in Russian 28 Jan 93 p 1

[Article by V. Zaynetdinov: "Lefortovo: No Vacancies"]

[Text] Last week the Russian Security Ministry [MBR] was one year old. But almost no one celebrated. That's a shame. At a press conference held yesterday on the occasion of the MBR birthday, Andrey Chernenko, chief

of the ministry's Public Ties Center [TsOS], reproached the journalists on that score.

In the opinion of the TsOS chief, a campaign of active pressure on the special service is under way throughout the country. But Russia has become a free-access area for workers of foreign intelligence services. Last year 20 spies were caught. One was even caught in the MBR itself. Ten foreign agents are confined in Lefortovo Prison.

Christian Democrats Back Constituent Assembly Idea

934C0783C Moscow NEZAVISIMAYA GAZETA
in Russian 22 Jan 93 p 2

[Article by Anastasiya Artemenko: "The RKhDD Is in Favor of a General Special Election: But It Has Not Named a Candidate"]

[Text] The Russian Christian Democratic Party [RKhDD] has held a press conference dealing with its participation in the election campaign. The party is not putting forward its candidate for mayor of Moscow and has not yet completely decided whom to support, but at this moment it is inclining most of all to the candidacy of Yuriy Vlasov, whose nomination as a candidate will occur on 28 January. The RKhDD has refused to become part of the major political blocs. However, as party chairman Viktor Aksyuchits stated, "the party is open for cooperation and negotiations with the leaders of the Civic Union and the National Salvation Front. We are fundamentally opposed to the referendum, but if it nevertheless takes places, the first question there must be the question of a special general election and, as a consequence, the creation of a strong national authority that is capable of preventing the country's collapse and of laying a basis for the rebirth of the single and great Russian state."

For the time being, Viktor Aksyuchits added, "we consider this period in our country's life, as well as the present-day structures, a transitional period." The RKhDD also noted the need to begin real economic reforms and to prepare the Constituent Assembly, which action will make it possible to restore the succession of authority in the country.

Law on Changes in RF Criminal Code on Administrative Violations

935D0235A Moscow ROSSIYSKAYA GAZETA
in Russian 19 Jan 93 p 5

["Law of the Russian Federation: On the Introduction of Changes and Additions to the RSFSR Code on Administrative Legal Violations, the RSFSR Criminal Code, and the RSFSR Criminal-Procedural Code"]

[Text] This law has been adopted with the aim of improving Russian Federation legislation on responsibility for violations of vehicular traffic regulations.

Article 1. To introduce into the RSFSR Code on Administrative Legal Violations (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1984, No. 27, Art. 909; 1985, No. 9, Art. 306; No. 40, Art. 1398; 1986, No. 6, Art. 176; No. 23, Art. 638; 1987, No. 7, Art. 201; No. 23, Art. 800; No. 24, Art. 839; No. 27, Art. 961; 1988, No. 12, Art. 341; No. 14, Art. 397; No. 31, Art. 1005; 1989, No. 10, Art. 246; No. 50, Art. 1477; 1990, No. 1, Art. 3; No. 10, Art. 287; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1990, No. 21, Art. 232; 1991, No. 15, Art. 494; No. 18, Art. 567; No. 52, Art. 1867) the following changes and additions:

1. In the third paragraph of the first part of Article 3, to delete the words "of vehicular traffic."

2. In the first part of Article 16, to replace the words "Fines, corrective labor, and administrative arrest may not be applied to the above-mentioned persons" by the words: "Corrective labor and administrative arrest may not be applied to the above-mentioned persons, and in addition—fines, for military servicemen on compulsory service."

3. In the second part of Article 30, following the words "with the exception of instances of driving while intoxicated," add the words "of failing to obey the order of a militiaman to stop his motor vehicle, of leaving the scene of a vehicular incident in which he was involved in violation of established regulations, and of evading a physical examination to determine state of sobriety in accordance with established procedure."

4. To change Article 114 to read as follows:

"Article 114. Violation of Regulations on Registration and Operation of Motor Vehicles

"Violation of the regulations on registration of motor vehicles—

"entails imposition of a fine on citizens in the amount of 0.1 to 0.3, and in the case of responsible officials—of 0.5 to 1.0, of the minimum wage amount.

"Operation of a motor vehicle by an individual who does not have on his person the documentation stipulated by vehicular traffic regulations, or in equal fashion, operation of a motor vehicle not registered in accordance with established procedure, or not having undergone state technical inspection, or which has defects by virtue of which its operation is prohibited in accordance with vehicular traffic regulations—with the exception of defects as indicated in the third part of this article—

"entails a warning or imposition of a fine in the amount of from 0.1 to 0.2 of the minimum wage amount.

"Operation of motor vehicles having defects in the braking system or steering mechanism, or defective coupling or hitch device (in a trailer train)— "entails imposition of a fine in the amount of from 0.2 to 0.3 of the minimum wage amount.

"Operation of registered motor vehicles by drivers without state numerical marking displayed, or with false such marking displayed—

"entails imposition of a fine in the amount of from 0.5 to 1.0 of the minimum wage amount.

"Operation of motor vehicles by drivers with non-standard or unreadable numerical marking, or with such marking mounted in violation of vehicular traffic regulations—

"entails imposition of a fine in the amount of from 0.1 to 0.3 of the minimum wage amount.

"Note. By motor vehicles in Articles 114-121, 123, and 124 of this Code, is meant automobiles, tractors, and other self-propelled vehicles, streetcars, trolley buses, motorcycles, and other motor vehicles."

5. To supplement the above with Article 114-1, to read as follows:

"Article 114-1. Violation of Regulations on Mounting Devices Which Emit Special Light or Audible Signals

"The mounting on motor vehicular transportation of devices which emit special light and audible signals without authorization of the State Motor Vehicle Inspectorate, front mounting on motor vehicles of red lights, red light-reflective devices, or red light-reflective materials, or the illegal use of the color graphics of official vehicles—

"entails imposition of a fine upon officials responsible for the operation of such vehicles in the amount of from one to three times the minimum wage amount, and upon the drivers of the vehicles—imposition of a fine in the amount of from 0.5 to 1.0 the minimum wage amount."

6. To change Article 115 to read as follows:

"Article 115. Violation of Vehicular Traffic Regulations by Drivers of Motor Vehicles

"Driving a motor vehicle in excess of the established speed limit by 10-30 kilometers per hour, failure to observe road signs or traffic markers, except in instances as indicated in the second part of this article, violation of the regulations on pedestrian crossings, position of vehicles on thoroughfares, stopping, standing, towing, hauling freight, use of external light devices or audible signals, use of seat belts or safety helmets—

"entails a warning or imposition of a fine in the amount of up to 0.2 of the minimum wage amount.

"Driving a motor vehicle in excess of the established speed limit by more than 30 kilometers per hour, driving through a red light or against the prohibition of a traffic controller, failure to observe road signs reading "No entry," "Traffic prohibited," or "Danger," crossing the solid demarcation line separating traffic moving in the opposite direction, violation of the regulations for crossing railroad crossings, except as indicated in the

third part of this article, violation of regulations on passing, making U-turns, and transporting people, failure to yield right of way to motor vehicle drivers or pedestrians who have such right—

"entails imposition of a fine in the amount of from 0.2 to 0.5 of the minimum wage amount.

"Movement across a railroad crossing when the crossing gate is down or in the act of coming down, when the crossing prohibition signal is flashing, or crossing guard has indicated no crossing—

"entails imposition of a fine in the amount of from 0.5 to 2.0 times the minimum wage amount.

"Violation of other vehicular traffic regulations by drivers, except in instances as stipulated by Articles 114, 114-1, 117, 118, and 121 of this Code, and by the first, second, and third parts of this article—

"entails a warning."

7. To delete Article 116.

8. To change Articles 117 and 118 to read as follows:

"Article 117. Driving a Motor Vehicle While Intoxicated

"Driving a motor vehicle while intoxicated, or in equal fashion, handing over a vehicle for driving to an intoxicated individual—

"entails imposition of a fine in the amount of from one to two times the minimum wage amount, or deprivation of the right to drive a motor vehicle for a period of one year.

"The same actions repeated during the course of a year—

"entail imposition of a fine in the amount of from two to four times the minimum wage amount, or deprivation of the right to drive a motor vehicle for a period of from one to three years.

"Article 118. Violation of Vehicular Traffic Regulations by Drivers or Operation of Motor Vehicles Resulting in Slight Bodily Injury or Material Damage

"Violation of vehicular traffic regulations by drivers or operation of motor vehicles resulting in material damage—

"entails imposition of a fine in the amount of from 0.1 to 1.0 of the minimum wage amount.

"Violation of vehicular traffic regulations by drivers or operation of motor vehicles resulting in slight bodily injury—

"entails imposition of a fine in the amount of from 0.5 to two times the minimum wage amount, or deprivation of the right to drive a motor vehicle for a period of from three to six months."

9. To supplement the above with Article 118-1, to read as follows:

"Article 118-1. Systematic Violation of Vehicular Traffic Regulations by Drivers

"The systematic violation of vehicular traffic regulations by drivers, i.e., their commission within the course of a year of several violations as stipulated in Articles 114, 115, or the first part of Article 118, which in totality are assessed at 15 or more points—

"entails deprivation of the right to drive a motor vehicle for a period of from three to six months.

"Note. When an administrative fine is imposed upon a driver, an assessment in points is simultaneously awarded in the following manner: for a violation as stipulated in the first part of Article 118—five points, in the third or fourth parts of Article 114 or third part of Article 115—four points, in the second part of Article 114 or second part of Article 115—three points, in the first or fifth parts of Article 114 or the first part of Article 115—two points, and in the fourth part of Article 115—one point."

10. In Article 119:

in the first part, to replace the words "in the amount of 30 rubles" by the words "in the amount of from 0.3 to 0.5 of the minimum wage amount";

to change the second part to read as follows:

"Driving a motor vehicle by a person who has been deprived the right to drive—

"entails imposition of a fine in the amount of from 0.5 to 1.0 of the minimum wage amount.";

to supplement the article with third and fourth parts, to read as follows:

"Violation of vehicular traffic regulations and operation of motor vehicles by persons as indicated in the first and second parts of this article, which results in material damage—

"entails imposition of a fine in the amount of from one to two times the minimum wage amount.

"Violation of vehicular traffic regulations and operation of motor vehicles by persons as indicated in the first and second parts of this article, which results in slight bodily injury—

"entails imposition of a fine in the amount of from two to three times the minimum wage amount."

11. To change Article 120 to read as follows:

"Article 120. Driving A Motor Vehicle by Persons Without the Right to Drive a Motor Vehicle and While Intoxicated

"Driving a motor vehicle by persons without the right to drive a motor vehicle and while intoxicated—

"entails imposition of a fine in the amount of from two to three times the minimum wage amount.

"The same actions repeated during the course of a year—

"entail imposition of a fine in the amount of from three to four times the minimum wage amount.

"Driving a motor vehicle by persons deprived of the right to drive a motor vehicle and while intoxicated—

"entails imposition of a fine in the amount of from three to five times the minimum wage amount."

12. To delete Article 121.

13. To supplement the above with Article 121-1, to read as follows:

"Article 121-1. Participation by motor vehicle drivers in group movement along the roads and streets of cities and other population centers which impedes vehicular traffic movement or which violates regulations on the use of audible signals—

"entails imposition of a fine in the amount of from 0.5 to 1.0 of the minimum wage amount."

14. To change Article 122 to read as follows:

"Article 122. Violation of Vehicular Traffic Regulations by Pedestrians and Other Traffic Participants

"Violation by pedestrians of vehicular traffic regulations—

"entails a warning or imposition of a fine in the amount of 0.1 the minimum wage amount.

"Violation of vehicular traffic regulations by persons driving mopeds or bicycles, and violation of vehicular traffic regulations by movers, passengers, or other persons directly involved in traffic movement—

"entails imposition of a fine in the amount of from 0.1 to 0.2 of the minimum wage amount.

"Violation of vehicular traffic regulations committed in a state of intoxication by persons indicated in the first and second parts of this article—

"entails imposition of a fine in the amount of from 0.1 to 0.5 of the minimum wage amount.

"Violation of vehicular traffic regulations by persons indicated in the first and second parts of this article which results in material damage—

"entails imposition of a fine in the amount of from 0.1 to 0.5 of the minimum wage amount.

"Violation of vehicular traffic regulations by persons indicated in the first and second parts of this article which results in slight bodily injuries—

"entails imposition of a fine in the amount of from 0.2 to 1.0 of the minimum wage amount."

15. In Article 123, replace the words "in the amount of from R10 to R15" by the words "in the amount of 0.3 of the minimum wage amount."

16. In Article 124, replace the words "in the amount of R100" with the words "in the amount of from one to three times the minimum wage amount."

17. To delete Article 125.

18. To add Article 126-1, to read as follows:

"Article 126-1. Violation of Regulations on Hauling Dangerous, Large-Dimension, and Heavy Cargo on Motor Vehicle Transportation

"Violation of regulations on hauling dangerous, large-dimension, and heavy cargo on motor vehicle transportation—

"entails imposition on the motor vehicle drivers who haul such cargo of a fine in the amount of from 0.5 to 1.0 of the minimum wage amount, and on the officials responsible for hauling such cargo a fine in the amount of from one to two times the minimum wage amount."

19. In Article 131, to replace the words "in the amount of from R20 to R50" with the words "on citizens in the amount of from 0.1 to 0.3 of the minimum wage amount, and on responsible officials—from 0.3 to 0.5 of the minimum wage amount."

20. In Article 134, to add following the words "Violation of regulations" the words "on repair and"; following the words "to timely" the words "elimination of impedances to traffic"; and replace the words "in the amount of from R30 to R100" with the words "in the amount of from 0.5 to 1.0 of the minimum wage amount."

21. To add Article 134-1, to read as follows:

"Article 134-1. Failure to Fulfill Directives of the State Motor Vehicle Inspectorate

"Failure to fulfill directives of the State Motor Vehicle Inspectorate on eliminating violations of regulations, norms, or standards relating to ensuring vehicular traffic safety—

"entails imposition of a fine on directors of enterprises, institutions, organizations, or other responsible officials in the amount of 1.0 the minimum wage amount.

"Repeated violation within the course of a year of a previously issued directive of the State Motor Vehicle Inspectorate—

"entails imposition of a fine on persons indicated in the first part of this article in the amount of from two to three times the minimum wage amount."

22. To add Article 157-3, to read as follows:

"Article 157-3. Accomplishment of Transportation Activity Requiring a License Without Having Special Authorization (License), and Violation of Terms Stipulated in Licenses

"Accomplishment of transportation activity requiring a license without having special authorization (license)—

"entails imposition of a fine on citizens and responsible officials in the amount of from two to five times the minimum wage amount.

"Violation of terms stipulated in special authorization (license)—

"entails imposition of a fine on citizens and responsible officials in the amount of from 0.5 to two times the minimum wage amount.

"The same actions committed repeatedly within the course of a year following the imposition of an administrative penalty—

"entail imposition of a fine on citizens and responsible officials in the amount of from three times the minimum wage amount, and suspension or cancellation of the special authorization (license)."

23. To change Article 165 to read as follows:

"Article 165. Malicious Disobedience of the Legal Directive or Order of a Militiaman or People's Patrolman

"Malicious disobedience of the legal directive or order of a militiaman or people's patrolman, or of a military serviceman executing his duty to preserve public order, as well as failure of a driver to obey the legal order of a militiaman to stop a motor vehicle, incidence of a driver leaving the scene of a motor vehicular incident in violation of vehicular traffic regulations, or evasion of physical examination to determine state of sobriety in accordance with established procedure—

"entails imposition of a fine in the amount of from three to five times the minimum wage amount, or deprivation of right to drive a motor vehicle for a period of from two to three years (for vehicle drivers), or corrective labor for a period of from one to two months along with deduction of 20 percent of wages, and if application of these measures is deemed to be inadequate in view of the circumstances of the case—administrative arrest for a period of up to 15 days."

24. In the first part of Article 199, to replace the words "by Articles 132-136" with the words "by Articles 132, 133, 135, 136"; delete the words "Article 125 (except cases on the use of motor vehicles by drivers)".

25. In Article 200, to delete the words "125 (except cases on the use of motor vehicles by drivers)."

26. In Article 203:

in the first part, to delete the words "by Article 125 (on the use of motor vehicles by drivers)"; following the words "by Articles 130, 131" add the figures "134, 134-1,";

to change points 3 and 4 of the second part to read as follows:

"3) for administrative legal violations as envisaged by Articles 114-124, 126-1, 131, 134, and 134-1 of this Code—chief or deputy chief of the State Motor Vehicle Inspectorate, commander of the road patrol service subdivision and his deputy;

"4) for administrative legal violations as envisaged by the second, third, and fifth parts of Article 114, first, second, and fourth parts of Article 115, and Article 122 of this Code—all employees of the State Motor Vehicle Inspectorate holding special rank;"

to supplement the second part with points 5, 6, and 7, to read as follows:

"5) for administrative legal violations as envisaged by Articles 114, 114-1, 123, 124, 131, 134, and the first part of 134-1 of this Code—state motor vehicle inspectors;

"6) for administrative legal violations as envisaged by Articles 131, 134, and the first part of Article 134-1 of this Code—state motor vehicle traffic supervision inspectors;

"7) for administrative legal violations as envisaged by the second and fifth parts of Article 114, the fourth part of Article 115, and the first, second, and third parts of Article 122 of this Code—precinct militia inspectors."

27. To add Article 209-2, to read as follows:

"Article 209-2. Organs of the Russian Transportation Inspectorate

"The organs of the Russian Transportation Inspectorate examine cases on legal violations as stipulated by Article 157-3 of this Code as it pertains to licensed carrier, freight-forwarding, and other activities related to the transportation process on motor-vehicle, river, maritime, air, and railroad transportation, and on road facilities.

"The following have the right to examine cases on administrative legal violations and impose administrative penalties in the name of organs of the Russian Transportation Inspectorate:

"the chief transportation inspector of the Russian Federation and his deputies, directors of republic (for republics within the Russian Federation), okrug, kray, oblast, the Moscow and St. Petersburg city departments of the Russian Transportation Inspectorate and their deputies—fines against citizens and responsible officials in the amount of up to five times the minimum wage amount, suspension or cancellation of special authorization (license);

"directors of branches of departments of the Russian Transportation Inspectorate—fines against citizens and responsible officials in the amount of up to two times the minimum wage amount;

"chief inspectors of the organs of the Russian Transportation Directorate—fines against citizens and responsible officials in the amount of 0.5 of the minimum wage amount."

28. In the second part of Article 231, following the words "by the conclusion of an expert," to add the words "or by evidence of special technical means."

29. In the first part of Article 237, to replace the words "by Article 114, the first part of Article 115, the third part of Article 118, and the first and second parts of Article 122" with the words "by the second part of Article 114, the first and fourth parts of Article 115, and the first and second parts of Article 122."

30. In the second part of Article 238, to add following the words "to provide the necessary information about it" the words ", and also if he lacks the required documentation for the means of transportation."

31. In the first and second parts of Article 239, to add following the words "search of belongings" the words ", of motor vehicles."

32. In the fourth part of Article 244, to add following the words "administrative penalty in the form of" the words "a fine or"; to replace the words "for the period prior to pronouncement of sentence on the case, and temporary authorization of the right to drive a motor vehicle is issued, concerning which an annotation is entered in the report on the legal violation" with the words ", concerning which an annotation is entered in the report on the legal violation, as well as in the temporary authorization of right to drive a motor vehicle. Following payment of the fine, driver certification is returned to the owner"; to replace the words "of the USSR" with the words "of the Russian Federation"; to delete the last sentence.

33. To change Article 245 to read as follows:

"Article 245. Suspension of Motor Vehicle Driving Authorization, Physical Examination to Determine State of Sobriety, and Detention of a Motor Vehicle

"Drivers of motor vehicles (ship navigators), or other persons with respect to whom there are sufficient grounds to believe that they are intoxicated, as well as persons not having a license to drive a motor vehicle, or who have been denied such license, or who do not have on their person the documentation stipulated by vehicular traffic regulations, or who have committed violations as envisaged by the third and fourth parts of Article 114 of this Code, are subject to suspension of motor vehicle driving authorization, while the motor vehicle is subject to detention until such time as the reason for detention is eliminated.

"Drivers of motor vehicles (ship navigators), or other persons with respect to whom there are sufficient grounds to believe they are intoxicated, are subject to physical examination in accordance with established procedure to determine their state of sobriety.

"Dispatch of the above-mentioned persons for physical examination to determine state of sobriety and the conduct of their physical examination are effected in accordance with procedure as established by the Russian Federation Ministry of Internal Affairs, Russian Federation Ministry of Public Health, and Russian Federation Ministry of Justice.

"Detention of a motor vehicle is effected by a responsible official in the internal affairs organs, as well as by a responsible official in the military motor vehicle inspectorate in the event an individual driving a motor vehicle of the Russian Federation Armed Forces commit a legal violation as envisaged in the second and third parts of Article 114 of this Code.

"Detention of a motor vehicle is documented in a separate report, or an appropriate annotation is entered in the report on the administrative legal violation.

"The responsible official who detains the motor vehicle bears responsibility for damage caused its owner only in the event the motor vehicle was unlawfully detained.

"Procedure for detention of a motor vehicle is established by the Russian Federation Ministry of Internal Affairs, and procedure for its storage and storage costs—by the local organs of executive authority."

Note. By detention is meant a prohibition on operation of a motor vehicle and its placement in a specially designated, guarded location.

34. In the third part of Article 284, to replace the words "by Article 114, the first part of Article 115, the third part of Article 118, and the first and second parts of Article 122" with the words "by the second part of Article 114, the first and fourth parts of Article 115, and the first part of Article 122"; to replace the words "of the USSR" with the words "of the Russian Federation."

35. In the second part of Article 285, to add following the words "petty hooliganism" the words "or violation of vehicular traffic regulations."

36. In the fourth part of Article 295, to replace the words "of the USSR" with the words "of the Russian Federation."

37. To add a second part to Article 298, reading as follows:

"In the event a driver denied his license to operate a motor vehicle evades the act of handing over his driver's certification, the time frame over which his right to drive a motor vehicle is denied is calculated as of the moment

such certification is confiscated from him. Driver certification is not subject to confiscation if the time frame over which the driver has been denied the right to operate a motor vehicle has expired."

The second part of this article will henceforth be considered the third part.

Article 2. To introduce into the RSFSR Criminal Code (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1960, No. 40, Art. 591; 1962, No. 29, Art. 449; 1969, No. 47, Art. 1361; 1972, No. 26, Art. 662; 1973, No. 16, Art. 362; 1974, No. 29, Art. 782; 1977, No. 12, Art. 255; No. 51, Art. 1217; 1980, No. 20, Art. 535; 1982, No. 41, Art. 1513; No. 49, Art. 1821; 1984, No. 5, Art. 168; 1985, No. 9, Art. 305; No. 15, Art. 564; No. 40, Art. 1398; 1986, No. 23, Art. 638; 1987, No. 27, Art. 961; No. 43, Art. 1501; No. 30, Art. 1087; 1988, No. 14, Art. 396; No. 31, Art. 1005; No. 48, Art. 1520; 1989, No. 50, Art. 1477; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1990, No. 21, Art. 232; 1991, No. 9, Art. 204; No. 15, Art. 494; No. 44, Art. 1430; No. 52, Art. 1867; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 29, Art. 1687) the following changes:

1. In the first part of Article 211, to delete the words "or slight," "or having resulted in significant material damage."

2. To delete Article 211-1.

Article 3. To introduce into the RSFSR Criminal-Procedural Code (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1960, No. 40, Art. 592; 1965, No. 50, Art. 1243; 1966, No. 35, Art. 946; No. 38, Art. 1039; 1970, No. 22, Art. 442; 1972, No. 51, Art. 1207; 1973, No. 16, Art. 353; 1974, No. 29, Art. 781, Art. 782; 1975, No. 33, Art. 699; 1977, No. 12, Art. 257; 1978, No. 15, Art. 410; 1980, No. 20, Art. 536; 1981, No. 22, Art. 432; 1983, No. 32, Art. 1153; 1984, No. 5, Art. 163; 1985, No. 5, Art. 163; No. 40, Art. 1398; 1986, No. 23, Art. 638; 1987, No. 27, Art. 961; No. 36, Art. 1295; No. 43, Art. 1501; 1988, No. 14, Art. 396, Art. 397; No. 33, Art. 1081; No. 48, Art. 1529; 1989, No. 15, Art. 397; No. 28, Art. 739; No. 37, Art. 1074; 1990, No. 3, Art. 79; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1991, No. 15, Art. 494; No. 18, Art. 567; No. 52, Art. 1867; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, No. 27, Art. 1560; No. 29, Art. 1687) the following changes:

1. In the first part of Article 126, to delete the words "211-1 with a first part," and in the fourth part—"211-1 with a second part,".

2. In Article 414, delete the words "211-1 with a first part,".

[Signed] President of the Russian Federation B. YELTSIN
Moscow, House of Soviets of Russia
24 December 1992
No. 4217-1

Decree on Review of Law on Changes in Legal Code

935D0235B Moscow ROSSIYSKAYA GAZETA
in Russian 19 Jan 93 p 5

["Decree of the Russian Federation Supreme Soviet: On the Repeated Examination of the Law of the Russian Federation 'On the Introduction of Changes and Additions to the RSFSR Code on Administrative Legal Violations, the RSFSR Criminal Code, and the RSFSR Criminal-Procedural Code'"]

[Text] Having again examined the Russian Federation Law "On the Introduction of Changes and Additions to the RSFSR Code on Administrative Legal Violations, the RSFSR Criminal Code, and the RSFSR Criminal-Procedural Code" returned by the president of the Russian Federation, the Supreme Soviet of the Russian Federation decrees:

To adopt the Law of the Russian Federation "On the Introduction of Changes and Additions to the RSFSR Code on Administrative Legal Violations, the RSFSR Criminal Code, and the RSFSR Criminal-Procedural Code" in the wording of 12 November 1992.

[Signed] Chairman of the Russian Federation Supreme Soviet R.I. KHASBULATOV
Moscow,
House of Soviets of Russia
24 December 1992
No. 4216-1

Decree on Implementation of Law on Changes in Criminal Code

935D0235C Moscow ROSSIYSKAYA GAZETA
in Russian 19 Jan 93 p 5

["Decree of the Russian Federation Supreme Soviet: On the Procedure for Implementation of the Russian Federation Law 'On the Introduction of Changes and Additions to the RSFSR Code on Administrative Legal Violations, the RSFSR Criminal Code, and the RSFSR Criminal-Procedural Code'"]

[Text] The Supreme Soviet of the Russian Federation decrees:

1. To implement the Russian Federation Law "On the Introduction of Changes and Additions to the RSFSR Code on Administrative Legal Violations, the RSFSR Criminal Code, and the RSFSR Criminal-Procedural Code" as of the moment of its publication, with the exception of Article 118-1, which enters into force as of 1 March 1993.

2. Prior to adoption of the Principles of Legislation of the Russian Federation on Administrative Legal Violations, entities of the Russian Federation will bring legal acts establishing administrative responsibility for violations of vehicular traffic regulations into conformance with this law.

3. The Russian Federation Government will:

—determine, within two months, the procedure for registering and recording violations of vehicular traffic regulations committed by drivers of motor vehicles;

—provide for the financing of expenditures to implement the system of recording violations of vehicular traffic regulations out of funds of the republic budget of the Russian Federation and local budgets.

[Signed] Chairman of the Russian Federation Supreme Soviet R.I. KHASBULATOV
Moscow,
House of Soviets of Russia
12 November 1992
No. 3874-1

Security Ministry's Impotence, West's Rising Influence Seen

Journalists Briefed

MK2801121793 Moscow NEZAVISIMAYA GAZETA
in Russian 28 Jan 93 p 2

[Indira Dunayeva report under the rubric "Special Services": "No Room To Spare in Lefortovo. Russian Federation Security Ministry Has Compromising Information on 2,000 Officials"]

[Text] The organizers of the briefing announced immediately that this was not a celebratory event, although it coincided with the anniversary of the Russian Security Ministry's formation. The past year, according to Andrey Chernenko, chief of the Russian Security Ministry Public Relations Center, has seen the start of measures leading to the dismantling of the Russian special services and the strengthening of the influence of Western ones. He stated that there are dozens of foundations [fondy] with Western special services behind them. Furthermore, certain commercial organizations which sponsor separatist movements are granted privileged terms in the West.

The Russian Security Ministry's work is hampered by the lack of various laws—for instance, on civil servants (and without this it is impossible to combat corruption) and on the border. Thus, the chekists prevented the export of a million tonnes of oil, but were unable to arrest anyone—because of the lack of a law on the border, the exportation could not be classed as smuggling.

Journalists were told that the Russian Security Ministry has proof of corruption on the part of 2,000 officials. They cannot arrest many of them because there is no package of laws. Those who are arrested apparently still amount to a fair number: As Chernenko put it, "there is no room to spare in Lefortovo [prison]." Furthermore the chekists' work is hampered by the immunity of people's deputies, judges, and prosecutors. "We have tens of thousands of deputies and 20,000 judges," Aleksandr Gurov, director of the Security Problems Research Institute, "but we cannot even monitor their telephones if the need arises. But that's putting it mildly: There could be a corpse in one of their apartments, and it would have rotted by the time we could get hold of a search warrant."

One recent crime: The Ministry of Foreign Economic Relations, disregarding Yeltsin's edict, gave 40 organizations licenses to conduct export trade in agricultural fertilizers. As a result our own land is virtually drained of its life blood for two years to come. The chekists think an operational-investigative team should be set up to analyze all licenses issued.

Complaints, Problems Voiced

*PM2901093793 Moscow ROSSIYSKAYA GAZETA
in Russian 29 Jan 93 First Edition p 2*

[Aleksandr Mozgovoy report: "There Are No Vacancies at Lefortovo"]

[Text] These words, uttered by Andrey Chernenko, leader of the Russian Federation Ministry of Security Public Relations Center, generated animation among the journalists who had gathered for a briefing on the occasion of the first anniversary of the existence of the Russian Federation Ministry of Security.

However, Lieutenant General Vladimir Bondarenko, leader of the Ministry of Security apparatus, corrected his colleague, reporting that there are still a few free cells at the Lefortovo investigation prison. The others have a total of 200 inmates. They are important officials, convicted of corruption, embezzlement of state and public property, and other crimes of office, as well as 20 persons who had taken the path of high treason.

The briefing was not held in the festive atmosphere of an anniversary. Counterintelligence agents complained of flaws in the legal base regulating relations in the sphere of ensuring state security. They spoke of the need for the earliest possible adoption by the Supreme Soviet of the Law "On the Protection of Russian Federation State Secrets." They focused attention on the stepped up activity of foreign special services. Foreign representatives, who include many intelligence agents, have virtually unlimited opportunities as regards access not only to organs of power and administration at various levels, but also to places where the most important Russian state and military secrets are concentrated.

Our own special services are continuing to conduct their operational-investigation work. During the past year alone, jointly with the Ministry of Internal Affairs [MVD] and the State Customs Committee, Ministry of Security employees prevented the illegal export of goods worth a total of over 20 billion rubles.

Various aspects of the activity of the Ministry of Security were broached at the briefing. Answering a question about an interview given by Mikhail Poltoranin, leader of the Federal Information Center of Russia, to a correspondent of the Italian newspaper L'UNITA, in which he made accusations against the ministers of security and internal affairs, Vladimir Bondarenko said:

"We are accused of regularly organizing coups about once every six months. It is a lie! We have not participated in any conspiracies against the president, the Congress of People's Deputies, or the Supreme Soviet, and we will not do so. Poltoranin has found himself in an awkward situation. It appears that he is now washing his hands of his own statements."

After the briefing, Aleksandr Dukhanin, deputy chief of the Investigation Administration, showed journalists an unusual exhibition of material evidence confiscated from criminals by counterintelligence officers. Stacks of counterfeit dollars, heaps of precious stones, whole arsenals of firearms and blade weapons. Amazing!

Pavlov: Coup Leaders Did Not Send Tanks Onto the Streets

*PM2801173693 London THE DAILY TELEGRAPH
in English 28 Jan 93 p 15*

[Report on interview with former Soviet Prime Minister Valentin Pavlov by John Kampfner in Moscow; no date given]

[Text] Moscow—One of the leaders of the failed Moscow putsch of August 1991 said last night that ex-President Gorbachev had often discussed the imposition of a state of emergency, and that it was not the coup leaders who sent tanks on to the streets.

Mr Valentin Pavlov, 55, the former Soviet Prime Minister and one of 12 men due to stand trial on April 14 for high treason, said his lawyer would argue that he and his fellow defendants had been led to believe they would encounter no resistance to the crackdown.

Talking to the DAILY TELEGRAPH less than 24 hours after his release on bail, Mr Pavlov denied Mr Gorbachev's assertion that the conspirators had cut off his communications at his Crimea holiday mansion.

"He (Gorbachev) decided to play a game in which he could not lose. If he stayed there and the state of emergency worked, he would come to Moscow later, having recovered from illness, and taken charge," Mr Pavlov said.

"If it didn't work, he would come and arrest everyone, and once again as president he would take charge. In each case he would show the people that his hands were squeaky clean."

Mr Pavlov admitted he and other hardliners had held several meetings after Aug 5, during Mr Gorbachev's absence. But he maintained that emergency measures had been high on the political agenda after Mr Gorbachev put soldiers briefly onto the streets in March to put pressure on the Russian Congress.

"The very word 'plot' is slightly naive," he said. "Why would we have gone to see Gorbachev and discussed all the problems with him?"

"Tanks were not sent into Moscow (on Aug 19) by the State of Emergency Committee. There was no decision to bring armoured vehicles into the city. It was not a decision of the Committee," he said. Asked whose decision it was, Mr Pavlov replied: "Let's wait until the trial."

He added: "If the armoured vehicles had not been brought into the city, nothing would have happened. If we had wanted to carry out a coup, don't you think we would have done it professionally?"

The failure of the coup leaders to have Mr Yeltsin, President of the Russian Federation, arrested has always been a mystery. It was Mr Yeltsin who quickly mustered resistance at the White House, the Russian parliament.

Within two days the coup had collapsed and Mr Gorbachev returned. But it was Mr Yeltsin who had effectively assumed control.

Mr Pavlov suggested that the plans had been co-ordinated by Mr Vladimir Kryuchkov, KGB chairman, at a final preparatory meeting on the evening of Aug 17.

But Mr Pavlov asserted: "Practically nothing new was decided then. All this had already been worked out in March."

Mr Gorbachev has furiously denied accusations that his actions before or during the coup had been of anything but the highest moral standards.

Among the 120 witnesses to be called at the trial will be Mr Gorbachev, and Mr Aleksandr Rutskoy, Russia's Vice-President. Mr Yeltsin has not yet been asked to testify.

Parliament's 'Press Phobia' Scored

PM02021 2193 Moscow ROSSIYSKIYE VESTI
in Russian 30 Jan 93 p 1

[Nikita Vaynonen report: "Press Phobia in Parliament Becomes Chronic"]

[Text] The "struggle" between the legislative and executive branches for the mass media is no longer merely a drama in many acts, but a veritable series. It is a gripping

"soap opera." After the first climax, defused by the Supreme Soviet's far from parliamentary appropriation of the IZVESTIYA Publishing House, there came a number of intermediate heightenings of the drama connected with the transfers of M. Poltoranin, V. Bragin, and other prominent figures. The next stage of the plot was the debate about the Federal Information Center [FIC].

No doubt there are plenty of episodes still to come, so it is a good time to compare the methods by which each side is operating. The president's side is trying to use purely legal and organizational means. Admittedly, irritating legal errors are being made, in my view. Thus, the word "leadership" crept into the edict on creating the FIC—"leadership" which the center is supposed to exercise in respect of ITAR and the State Committee for Television and Radio Broadcasting. However, the Law on the Press makes no mention of any kind of leadership of the press—it merely talks about the founding of mass media, and the mutual rights and duties of the founder and editorial office, and likewise the procedures for implementing them, are clearly and strictly stated. Does the edict not thus run counter to the law? Answering a question from your correspondent at a meeting with journalists 18 January, M. Poltoranin assured us that this was not the case. If so, then it is still unclear how, through leadership, you can arrive at full independence of the press—and it is precisely this task which M. Poltoranin has described as his center's ultimate aim.

Clearly sensing the journalists' understandable wariness, the legal defect which had crept into the edict was corrected in the Statute on the FIC, ratified by presidential directive. This states that the center "exercises leadership" only "over enterprises, institutions, and organizations under its jurisdiction," and as for the mass media under its jurisdiction, the center merely coordinates their activities. At the same time it stresses that this must be "within the framework of the Russian Federation law 'On the Mass Media.'"

Of course, the point is not that a document of lower rank corrected a different document of higher rank. Other defects can also be found in the president's acts on the FIC, and I think the right and even the duty of journalists and lawyers in such cases must be to provide objective professional criticism of such errors, which is certainly something that the presidential branch itself has an interest in.

It is quite another matter to take political advantage of blunders by the opposing side. Given normal, civilized relations between the executive and representative branches, the legal quality of the documents on the FIC could be a major subject for the attention of the State-Legal Administration. Or for the Union of Journalists, say, where various views would no doubt be expressed on the creation of the center.

But the critics of the center in the Supreme Soviet proceed from considerations far removed from the interests of the cause. The center has not yet made a single move capable of providing grounds for conclusions regarding its actual role, but time and again the Supreme Soviet longingly includes the question of it on the agenda, deputies demand that it be deprived of finance and that the president's edict be referred to the Constitutional Court, and so on.

I think it would be inadequate to ascribe these passions merely to the intensity of the struggle for the fourth estate. There is a more concrete reason—the "press phobia" on the part of a significant section of the deputies. Above all, the speaker himself. Next to passages from R. Khasbulatov's notorious article in ROSSIYSKAYA GAZETA (Nos 4 and 5, 1993) the legal defects in the president's edicts look like innocent (at any rate, in no way ill-intentioned) side effects of the executive branch's law-abidingness. The writer's remarks about the press passed unnoticed and were not properly evaluated against the background of the general political implications, which aroused quite wide commentary.

The article sharply condemns (just think about the vocabulary!) the "pro-official propaganda" which operates "to strengthen a regime which is 'devouring' itself." It also states that the "the masters of lies and disinformation were cynically, mockingly offered an opportunity to manipulate the truth." The speaker cites no facts, no names, and no names of newspapers or television programs. You can only conjecture that the "self-devouring regime" is the president and the government and that the "masters of lies" are the press which supports them. Or is that wrong? If not, shouldn't this be regarded as a public insult? The law sanctions strict punishment for the abuse of free speech.

You would think that someone who lays claim to control of the press might first at least try to show a little more self-control. This would really be something for the Supreme Soviet to look into!

P.S. The day before yesterday, on Thursday, the Supreme Soviet Mass Media Committee proved that even in parliament there are many sensible people. By eight votes out of a possible 13 present, a vote of no confidence was passed in V. Lisin, who was elected to be this committee's leader at the parliament session. No confidence in the person who was the initiator of the decision to transfer the IZVESTIYA Publishing House to parliament. A statement protesting the fact that the Supreme Soviet ignored the candidacy of A. Kopeyko, nominated for the post of chairman by the committee itself, was adopted by 12 members of the Mass Media Committee.

IZVESTIYA Publishes Code of Practice

PM0202100593 Moscow IZVESTIYA in Russian
30 Jan 93 p 5

[IZVESTIYA Editorial Office article pegged to appointment of B.A. Zolotukhin as readers' representative on Editorial Board: "Readers' Representative Will Examine Readers' Complaints to Editorial Board. IZVESTIYA Journalists Introduce Self-Restrictions and Establish Moral Framework for Their Behavior"]

[Text] None of the branches of power should be all-powerful. This general rule also applies to the media. In countries where freedom of the press is reliably protected by the law, where parliaments, governments, and the courts dare not impinge on the "fourth estate's" independence, newspapers, television, and radio voluntarily make commitments that are stricter than what is prescribed by the law.

The Russian press, which a recent international study classed as "relatively free," has no traditions of independence, and the editorial boards' financial state prompts many collectives of journalists to seek the authorities' favor.

But the editorial board considers it its professional duty to observe the highest standards of service to society.

Having studied journalists' codes of behavior and the recommendations of press councils in various countries and having analyzed the rules governing leading world newspapers' tactics and compared them with the actual state of affairs in Russia, we, the editors and journalists of IZVESTIYA, have settled on a number of key principles and additional self-restrictions, which we consider we have an obligation to implement.

We hold that our duty to defend the freedom of the press in the interests of society and combat all types of censorship will meet with very strong support if readers are confident that journalists are behaving ethically.

Accuracy: IZVESTIYA pledges not to publish deliberately, and to avoid as far as possible, indiscreet publication of reports that are actually inaccurate or of pronouncements that are made with the aim of misleading the public. If this happens, corrections will be made swiftly and in the proper manner, in accordance with the gravity of the error. Apologies will be printed for misleading statements if they are advisable and acceptable.

Concerning the possibility of feedback: IZVESTIYA considers it has a duty to provide people with a chance to reply, when necessary.

Payment for articles: The editorial board will not pay for or offer money to criminal trial witnesses (potential witnesses) or accomplices to crimes. IZVESTIYA does not intend to pay for or provide inducements for the leaking of confidential information. Expectations will be

made only in cases where the material has to be published in the interests of society and the state and payment is the sole means of obtaining it.

Confidential sources: IZVESTIYA pledges to resolutely protect the confidentiality of its sources of information.

Subterfuge: IZVESTIYA will use direct and honest methods to obtain information or photographs. Trickery can only be justified in cases where information of importance to society cannot be obtained by other means.

Private life: The invasion of people's privacy and investigations into people's private lives are unacceptable, except in cases where it is in the interests of society and the state to violate the right to secrecy.

Facts and comment: In general, IZVESTIYA leaves it up to its writers and to its editorial office to decide whether to take a particular side in a political debate. But we consider it our duty to clearly demonstrate and draw a distinction between information and comment and not to pass off supposition as fact.

Not naming innocent relatives and victims of violence: We pledge to be extremely cautious in deciding in what cases we can name relatives of people who have been convicted or accused of committing crimes. Neither will we reveal the names of victims of violence without their consent.

Nationality, race, color, sex: Although IZVESTIYA has always strictly followed the tradition of not publishing materials that might be an incitement to discrimination on grounds of nationality, race or color, sex or religion, we intend to tighten up the self-restrictions. We firmly intend not to allow publication of any mention of nationality, race, color, sex or religion in contexts where human honor and dignity might be offended.

Financial journalism: We consider it unacceptable to use the financial information we obtain to our own advantage before it appears in the paper. Individual IZVESTIYA journalists must not write about shares or securities in which they or their close relatives or friends have a personal stake without notifying the editor of this interest. They must not buy or sell directly or through agents shares or securities they have recently written about or intend to write about in the very near future.

It is perfectly clear that the observance of all these principles by IZVESTIYA journalists directly depends on the reliability of the monitoring mechanism, on the fair and impartial settlement of the inevitable disagreements and differences of interpretation between readers and the editorial board.

A reader considers that his or someone else's honor has been insulted by an inappropriate suggestion. A politician claims that a journalist has not properly distinguished between fact and comment. A commercial firm

protests against criticism on the grounds that the writer, in its view, has been supplied with inaccurate information by competitors.

Who will be judge in cases that are not covered by the Law on the Press and therefore do not fall within the jurisdiction of a conventional court?

The experience of a number of countries in which there is strong, independent journalism provides important guidelines. One sure method is to appoint (elect) a readers' representative.

The representative would be, as a rule, an experienced lawyer, someone who is well known in the country, someone with a strong reputation as an honest and principled person.

B.A. Zolotukhin's entire life (readers will have familiarized themselves with the main milestones on page one of this issue) guarantees that the duties of readers' representative will be approached in that very way.

His relationship with the editorial board is simple and clear-cut. The editorial board will provide him with a technical assistant to record and sort the mail he receives. In all disputes the readers' representative has the right to obtain exhaustive information from the editorial board.

The editorial board has no control at all over the subsequent passage from analysis of the dispute to the conclusions and recommendations. Its duty is to provide a reasonable amount of space once a month for an article by the readers' representative. The editorial board will have no right either to edit this article or influence its content in a way that would favor it.

It can, of course, take issue with the representative—but publicly, openly, for all the readers to see, and risk losing their confidence through blinkered obstinacy and intolerance of criticism.

It is perfectly clear that the readers' representative will have to spend a lot of time examining readers' letters and complaints. IZVESTIYA could provide enough money for this. But it would place the representative in an ambiguous position.

So the editorial board got a number of authoritative commercial structures to agree to do it—for example, the "Orteks" Firm has already expressed a willingness to pay an entirely appropriate amount for the readers' representative's efforts.

But B.A. Zolotukhin categorically rejected all forms of "sponsorship"—both by private firms and by an "interested party"—the IZVESTIYA editorial board.

ECONOMIC AND SOCIAL AFFAIRS

Recent Decisions on Pricing, Credit Policy Reviewed

934E0039A Moscow KOMMERSANT-DAILY
in Russian 26 Jan 93 p 8

[Unattributed article: "State Intends to Regulate Prices With the Aid of Credit"]

[Text] The documents adopted last week demonstrated the increased and persistent attention of the Russian government toward the problem of price formation. At the same time, they are evidence of Viktor Chernomyrdin's desire to demonstrate to the public that he intends to combat inflation, at least formally by market methods, among which a particular place is given to a strict credit policy.

The decree, "On Continued Measures for State Regulation of Inflationary Processes and Partial Amendment of the Russian Government Decree of 31 December 1992, No 1041, 'On State Regulation of Prices on Individual Types of Products and Goods,'" signed by the prime minister last week, deserves particular attention. It confirms the fact that the attitude of the Russian authorities in their standards development toward the topic of price regulation has become a persistent tendency. Its beginning was marked by the assumption of duties by the head of the government Chernomyrdin, who synonymously announced his desire to combat the "runaway growth of prices on the consumer market."

The seriousness of his intentions was confirmed by the decree signed on 31 December of last year, which introduced administrative regulation of prices with the aid of marginal limits of profitability on vital goods for all producers. The negative resonance which such measures received in Russian and world public opinion—Western observers saw the measures for price regulation as evidence of a departure from the "market strategy of reforms"—gave the Council of Ministers good reason to once again give a reminder of its attention to these problems by issuing another decree last week.

This document almost fully rescinds the former one, and contains a new formulation of the governmental policy in the sphere of prices. According to the latest decree, the central organs of federal executive power are prohibited from administrative regulation and application of other forms of fixing prices on products, goods and services of enterprises which are not monopolists. The government is thereby formally proclaiming its rejection of continued efforts to introduce administrative price regulation. In place of the policy of price regulation, the document proclaims a course toward "regulation of inflationary processes."

The Council of Ministers has assigned the Minfin [Ministry of Finance] the task of developing within a month's time a program for financing the budget deficit through

state securities, and has also directed it to submit proposals on increasing budget revenues by means of increasing excise taxes and import tariffs. The Central Bank has been given the recommendation "to change over to a monthly official accounting rate and to hold down the growth rate of crediting at a level sufficient for a real slowing in growth of prices." Finally, the Goskomimushchestvo [State Committee on Property] has been given the assignment of developing, in conjunction with the Ministry of Economics and the Ministry of Finance, a statute on a Federal Service (Agency) on Affairs of Insolvency (Bankruptcy), and of performing in the first half of 1993 the demonstrative reorganization of a number of insolvent enterprises "who waste state resources and facilitate inflation."

In the opinion of the experts, the adoption of such a decree testifies not only to the fact that the tendency toward regular adoption of documents on price policy has become distinct and will be continued, but also to the fact that in subsequent documents of this type the government will avoid mention of direct price regulation. Efforts to hold down prices on the consumer market will subsequently be implemented by formal market methods of "anti-inflation policy."

The first such document should appear in a few weeks. We are speaking of the Statute on Principles and Criteria for Granting Benefits, Subsidies and Credits to Enterprises, whose development has been assigned to the Minfin in conjunction with the Ministry of Economics and Goskomimushchestvo. The main idea of the statute currently being prepared, in the opinion of experts, will be the hidden regulation of prices with the aid of such an "anti-inflationary instrument" as state credit policy. Under the slogan of "limitation of aid to enterprises who raise prices," the issuance of state credits and subsidies by the governmental Credit Commission, in all probability, will be directly tied with the promise by the recipient of the credits to limit the growth of wages at its enterprise, as well as to limit profitability and, ultimately, to hold down the growth of prices on its product.

Last week the tendency toward Russia's conclusion of primarily bilateral economic agreements with the former Union republics also became more distinct. As KOMMERSANT experts had presumed, a Russian-Ukrainian agreement on the foreign debt of the former USSR was signed. Moreover, in the variant which provides for separate responsibility of these countries for the union debts: Russia answers for the debts of 12 republics (except for the Baltic), and the Ukraine—for its own share (16.37 percent) of the debt. Such a solution of the debt problem is not an optimal one for the Paris Club of creditors of the former Union, since it hinders the process of negotiations on repayment of the debt. However, the very fact that even such an agreement was reached removes the obstacles to negotiations with Western creditors on restructuring the debt and granting future credits.

In the nearest time this tendency will be continued in the accelerated development of an agreement between Russia and Ukraine on dividing up the assets of the former Union, as well as in the development of an agreement on the conditions of free trade.

Foreign Currency-Economic Commission Meeting Reported

934E0039B Moscow KOMMERSANT-DAILY
in Russian 29 Jan 93 p 3

[Article by Vadim Bardin: "The Government is Seeking Currency; Meeting of the Currency-Economic Commission"]

[Text] At the first meeting of the Russian Council of Ministers Currency-Economic Commission held this year (see KOMMERSANT, 28 January), the questions of distributing and utilizing the country's centralized currency resources were examined. Despite the fact that the commission's materials bear a confidential character, KOMMERSANT experts nevertheless attempted to comment on its work.

Practically no information is forthcoming on the results of the work of the Currency-Economic Commission. Although official announcements of its meetings are made, nevertheless the agenda and results of its work "are not subject to publication."

The Currency-Economic Commission is an interdepartmental governmental agency regulating the application of state currency resources. At the time of its creation, the commission was headed by Yegor Gaydar, and after his retirement the commission's work has been managed by Aleksandr Shokhin.

This time the commission's meeting coincided with events which could not help but influence the prospects of utilization of Russia's currency reserves. First of all, the draft of the Program for Financial-Economic Policy for 1993 was submitted to the government. Second¹/, yesterday the exchange rate of the dollar on the Moscow Interbank Currency Exchange reached a mark of 572 rubles (R) per dollar. Thirdly, Russia has stopped payment on its food and grain debts.

The draft Program for Financial-Economic Policy prepared by Vice-Premier Boris Fedorov was, as they say, closely examined at the parallel meeting of another government commission on questions of credit policy (see KOMMERSANT, 28 January). Nevertheless, centralized distribution of currency will take place under changing (in accordance with the program) conditions. The effectiveness of import is declining due to the tax on surplus value introduced on import products as of 1 February. In this way, the government intends to keep in Russia first of all that currency which the commercial structures planned to use for imports. The reduction in effectiveness of import is intensified many times over by the landslide drop in the exchange rate of the ruble.

Under these conditions, KOMMERSANT experts believe that one of the main questions at the meeting of the Currency-Economic Commission was the search for currency to pay the food credits to the USA government. According to available data, at the present time Russia's indebtedness on American grain credits alone comprises \$127 million. However, this is only one side of the problem. The fact is that grain imports, contrary to the goals proclaimed in Fedorov's program, are as before being subsidized through preferential currency coefficients. The subsidy coefficient for grain until 1 April 1993 has been approved in the amount of 5 percent of the official exchange rate. Thus, while seeking out currency, the governmental commission is still not altering the subsidy mechanism of centralized import.

Bank Deputy On Fate Awaiting New Money

934A0695A Moscow TRUD in Russian 29 Jan 93 p 2

[Interview with Arnold Voylukov, first deputy chairman of the Central Bank of Russia, by Vitaliy Golovachev, TRUD political commentator; place and date not given: "Finally, the Russian Ruble"]

[Text] The issue of the new Russian money occurred in a very ordinary way and did not attract the attention of too many people. Indeed, Russians seem to have no reason to be concerned about it at all because no money exchange is expected and both new and old banknotes will be circulated. But if we view this measure as the introduction of a new Russian currency and not just as a way to change the words on the banknotes ("Bank of Russia" instead of "USSR State Bank"), the situation may be seen in an entirely different light. How correct is this opinion? This question began our conversation with Arnold Voylukov, first deputy chairman of the Central Bank of Russia.

[Voylukov] It really is a Russian national currency. The decision to issue new 100, 200, 500, 1,000, and 5,000 ruble notes was made by the Russian Supreme Soviet Presidium; the notes are being printed by Russian Goznak [State Mint] plants in Moscow and Perm; the new money is being put into circulation by the Central Bank of Russia. (I want to mention here that 10,000 ruble notes were "of the new design" from the start.)

This money can, of course, be circulated in other CIS states, but I think that certain legal formalities need to be observed in that case.

[Golovachev] How are rubles being used now in Kyrgyzstan, for instance, or Kazakhstan?

[Voylukov] Until quite recently we used (and still do) the common money that we inherited from the USSR. But from the legal point of view the situation has changed somewhat since the new money was introduced. Speaking strictly officially, if another country wants to use the Russian ruble, its parliament should pass the corresponding decisions. Whatever you might say, the Russian ruble is not the former common "Soviet" ruble.

[Golovachev] Commentators say now that in spite of all optimistic statements made in Minsk about the Agreement on the creation of an Interstate Bank, this does not help bring back our single ruble space. The reason lies in the failure of the Commonwealth countries to agree on the main thing—conducting a coordinated credit, emission, and budget policy. Can the introduction of a new Russian currency become the first step towards total destruction of the single ruble space?

[Voylukov] The single ruble space has practically ceased to exist anyway. Look, the Baltics, Ukraine, Belarus, and Azerbaijan are circulating their own money together with rubles. Moldova has switched half of its circulation to its own currency, Turkmenistan is going to do the same in the nearest future. So, instead of a single ruble space it is more appropriate to speak about a zone which uses the ruble for mutual payments.

[Golovachev] Will the countries that use the Russian ruble be given the new money (if they request this)?

[Voylukov] They are already sending such requests. The terms of supplying rubles to other CIS countries have been determined in accordance with intergovernmental agreements. We are going to honor these agreements. But let me repeat that from the legal, official point of view the exchange of a "Soviet" ruble for a Russian one has certain nuances.

[Golovachev] How much cash does Russia send to the CIS countries every month, how many Russian rubles do they have?

[Voylukov] The Central Bank of Russia used to send to the CIS countries tens of billions of rubles every month and now it sends hundreds of billions. All in all, there are over 600 billion rubles [R] in circulation there. Here is a figure for comparison: The total volume of cash money in Russia is R2 trillion.

[Golovachev] What will be the volume of new money issued, say, for this year?

[Voylukov] Generally speaking, we can print as much as we need. Unfortunately, inflation is continuing and it will stay with us for the whole year. Therefore we may issue several tens of trillions of rubles this year. But I want to emphasize that this will be true in the case of country not plunging into hyperinflation (and there is a danger of that). In the case of hyperinflation, these amounts will be considerably larger.

It is important to mention one specific feature here: We have significantly increased the minting of coins, which should replace paper money. I mean coins in denominations of R1, R5, R10, R20, and R50. There are several reasons for this. A paper ruble lasts approximately eight months, while a metal one can be used for 25 years. This means that minting more coins will allow us to redirect the paper to print higher denomination notes.

Besides, coins circulate a lot faster; they go from buyer to cash register clerk, from clerk back to buyer by way of

change, etc. "Small change" does not settle either in the people's pockets or in cash registers; its circulation is six times faster than that of paper money. Finally, our banks find it more convenient to count coins.

The complex science of money circulation has its own laws and rules. One of them is that there should not be more than seven to eight denominations in circulation. But what do we have now? You count: R1, R3, R5, R10, R25, R50, R100, R200, R500, R1,000, R5,000, R10,000. Twelve denominations of banknotes! This is definitely too many. That is why we are switching to metal coins for denominations of up to R100.

[Golovachev] How much money has been issued as coins already?

[Voylukov] So far, R14 billion, but the total requirement is about 20 billion per quarter. So, the ruble coins will become a permanent part of our life as early as this quarter. At present, coins are being produced by the Moscow and St. Petersburg mints. Metal money has already been sent to all regions of Russia. We have also started sending out the new paper notes. Yesterday, this money was supposed to arrive in Kamchatka, Vorkuta, Norilsk, Magadan, etc.

Some delays occur in our commercial banks. In order to receive our coins they have to vacate space in their storage facilities and return R5 and R10 notes to the Central bank. But they do not have sufficient equipment to stack, count, and put wrappers on the old paper money. They offer to send the money to us in bulk, in sacks. But this is inappropriate in normal banking procedures. However, I think that such obstacles are easy to overcome.

[Golovachev] Are you going to mint kopek coins in denominations of 1, 2, 3, 5, 15, 20, and 50 kopeks?

[Voylukov] No, we stopped minting them a long time ago. Gradually they will become numismatic rarities because these coins are generally unnecessary in our everyday life. We have sufficient stocks of 15-kopek coins to service the existing pay phones that use them. But those phones are being quickly switched to a different mode of operation.

[Golovachev] The problem of an insufficient cash money supply was quite serious last year. How are things now in this respect?

[Voylukov] Everything has been normal so far. But there is a danger of this happening again in the nearest future, due to extremely quick increases in wages and pension benefits. Last December, for instance, according to our estimates our enterprises and organizations were to pay the 13th salary bonus to their workers in the sum of R30 billion. But real payments amounted to a much larger R60 billion. The total work compensation fund equaled R4.74 trillion last year. The same amount of money was paid in the previous 15 years.

[Golovachev] Where do enterprises find the money if a lot of them are insolvent and the sum of mutual debts runs into trillions of rubles?

[Voylukov] I also wonder: Where do they? But they do. They use every fund for paying wages, their investment funds, depreciation funds... Their explanation is that prices are rising a lot faster than salaries and they need to help their people one way or another. This is really true. However, enterprises should not direct all their assets into wages; we will simply "eat up" the country and come to a collapse.

[Golovachev] The new R100 note is similar in size to the old R1. Does this mean that the new R100 in a way replaces the old ruble (considering that our prices have grown 100 and more times over the past two or three years)?

[Voylukov] It is possible to view the problem in this light. But it is also important to remember that making new notes smaller in size will allow us to save the expensive paper for other banknotes.

[Golovachev] So, the money system seems to have undergone a 100-fold change. Instead of the previous kopeks we now have R1, R5, and R10 coins; instead of the old ruble we now have a R100 note. The maximum denomination of our money used to be R100. Now we have a R10,000 note, its equivalent. But this is not the maximum, a R50,000 is being prepared for issue, work is going on a R100,000 note... Why?

[Voylukov] Inflation is continuing, unfortunately, and we have to be prepared to replenish our money supply in case of necessity. We cannot allow a repeat of last year's situation when our people could not receive their wages and pensions for months because there was no sufficient supply of cash. But we would love to see that R100,000 notes are not needed.

Russian Foreign Debt Examined

PM2901122593 Moscow ROSSIYSKIYE VESTI
in Russian 29 Jan 93 p 3

[Article by Yuriy Gromushkin: "Russia's Foreign Debt: How To Pay It?"]

[Text] There have long been quarrels over the sum of the former USSR's foreign debt. Various figures are cited. And that is not surprising: Some people include in it the debts to the former socialist countries, others exclude lend-lease debts. If you take into account only the Western countries without lend-lease, then by the middle of last year the Union owed them, in freely convertible currency including the interest we should have paid by that time, \$75.8 billion. Of this sum \$33.6 billion were owed to official creditors—that is to states—and \$27.4 billion were owed to unofficial creditors—that is, to

private creditors—under medium- and long-term conditions. The debts not guaranteed by the Vneshekonombank [Bank for Foreign Economic Activity] is \$2 billion and short-term loans are \$12.8 billion.

According to the first option for the payments schedule, in 1992 we should have paid over \$20 billion. But Russia obtained from the Club of Paris and the Club of London a deferment for the basic sum of medium- and long-term debts. That was \$7.2 billion. Here \$2.5 billion was interest on these commitments. Formally it did not come under the deferment but it was not subject to compulsory repayment.

Over the past year we paid approximately \$2 billion. But the total sum of deferred payments by the end of the year was approximately \$14 billion. We had to pay them with a consideration for the deferment we had obtained, but we did not pay.

This year we must return over \$18 billion. To this sum should be added the \$14 billion whose payment was deferred in 1992 and the \$9.7 billion which has formally or in fact been deferred. Thus the total is about \$42 billion. The large part of the country's predicted export revenue would have gone on returning these debts!

That is why it is so important for us to reach agreement on restructuring our debt with foreign creditors. During talks with them Russia stated that in 1993 it cannot allocate more than \$2.5 billion to service its debt. That is its real, not desired, potential. It proceeds from the state of the balance of payments and the state budget this year.

The official creditors insisted on a larger sum. During talks at the end of last year a reduction of their demands was achieved. But they nonetheless do not suit us. Even \$2.5 billion will be a serious burden on the state budget: If you take an exchange rate of 400 rubles [R] to the dollar this sum will be R1 trillion, which the Ministry of Finances must spend on the purchase of currency from the Central Bank. That is one third of the budget deficit. Yet after all the ruble-dollar exchange rate is different—1:568.

And so, achieving an agreement on restructuring its debt that is acceptable to Russia—that is our main task now. Recently we have entered the finishing straight in the talks with the Club of Paris and the Club of London. But we have come up against an obstacle which is delaying a final agreement. I have in mind the as yet unreached settlement of mutual relations with Ukraine regarding debts and assets.

To this day the creditors adhere to the idea of solidary responsibility. That is, it suits them that Russia and Ukraine together and individually should be responsible for the entire value of the debt. Another decision also suits them: Russia's assumption of all responsibility for the management of the foreign debt. Incidentally, the leaders of the Club of Paris and the Club of London attended our talks with Ukraine in mid-January. The talks confirmed our line to the Ukrainian partners. The

dialogue showed that the latter option does not fully accord with Ukraine's wishes. And solidary responsibility has already proved its ineffectiveness: The experience of 1992 showed that not one of the 10 republics of the former Union had transferred a cent to the Vneshekonombank to fulfill its debt commitments.

During the January talks Ukraine put forward the idea of separate servicing of the debt. The Russian side, however, has always argued that its implementation would hardly satisfy our creditors and is technically extremely complex, if it is possible at all. After all, it is connected with the partition of assets and debts, which of itself is very difficult. But the thrust is not even here, but in the possibility of properly fulfilling commitments to service the debts. So that talks and the attainment of an agreement which suits Russia, Ukraine, and the creditors, lie ahead for us.

Many complexities arise in regulating the debts of foreign states to the Union. Under state credits they owe about \$144.8 billion. But it is not easy to get them. Some countries have tried to avoid paying debts under military credits and to review some efforts to pay them off.

As a whole in 1992 it was planned to receive \$2.5 billion from the developing countries in debt repayment. Over the first 10 months of 1992 receipts were \$1.8 billion of which \$1.2 billion came from India on the basis of reciprocal debt offsetting and the remainder was in practice commodity receipts.

Of course, the main reasons why our debtors are failing to meet their commitments include primarily their grave currency and financial plight. And nonetheless we are trying to find mutually acceptable ways for third countries to return their debts. They include the sale of debts for cash, their return in the form of commodities, and their conversion into property and other forms.

Thus this year both directions remain, as before, in the debts sphere: the restructuring of the foreign debts bequeathed to us from the former USSR and the return of credits which it granted to other states in the past. No easy task. But it must be done, and the sooner the better.

Government Organizes Roundtable for Discussing Reform Options

934E0038A Moscow KOMMERSANT-DAILY
in Russian 29 Jan 93 p 10

[Article by Irina Dneprova: "Civic Union Achieves Convocation of Roundtable"]

[Text] On the evening of 27 January, Russian Prime Minister Viktor Chernomyrdin signed a directive on organizing a permanently acting "roundtable" for developing "a program of anti-crisis measures and development of reforms in the country." The first meeting of the roundtable of political parties will be held in the next few days.

According to preliminary data, over 100 political parties and public organizations have been invited to the roundtable.

The joint decision by leaders of the parliament and the government to institute a permanently acting roundtable may be considered the achievement of the Civic Union. The Russian centrists presented the idea of convening such a permanent inter-party forum back in November, on the eve of the 6th Congress of People's Deputies. At that time it was presumed that the Russian president would take part in the work of the roundtable, and that its direct outcome would be the formation of a new coalition government.

However, after Boris Yeltsin personally formed the cabinet, the Civic Union changed its conception of the roundtable. Now its leaders believe that the primary purpose of the roundtable is to prepare public opinion for early general elections (of parliament as well as of the president), which must be held no later than the Spring of next year.

Evidently, the chairman of the Russian parliament, Ruslan Khasbulatov, is in solidarity with such a position of the centrists. In any case, as our KOMMERSANT correspondent learned, the primary developers of the roundtable directive were the associates of the Supreme Soviet chairman's apparatus and the experts at the Civic Union.

It seems that Russian executive power is more skeptical about the idea of this inter-party forum. In any case, the directive, which has already been signed by Ruslan Khasbulatov, spent two weeks in the secretariat of the Russian prime minister's apparatus before he signed it.

In the opinion of KOMMERSANT experts, the roundtable which is being created will hardly become an effective tool of influence by various political parties on the decision-making process: Chernomyrdin quite prudently allowed too many to this table. Nevertheless, Ruslan Khasbulatov and the Civic Union may evidently expect to find new allies in their opposition to the president and to the executive power.

[Boxed material] Primary participants in the roundtable

Political associations: "Democratic Russia" Movement, Civic Union, "Russian Unity" and others.

Scientific and artistic unions: "Lenkom" Theatre, Russian Union of Cinematographers, Russian Academy of Sciences, "April" writer's association, and others.

Professional and class organizations: Russian Federation of Independent Trade Unions, trade union of agro-industrial complex workers, unions of Cossacks, and others. [end boxed material]

[Boxed material] Basic principles of the directive, "On Organization of the Roundtable"

- The roundtable is a permanently acting forum of socio-political, scientific and artistic unions and movements created for the purpose of developing recommendations and programs of anti-crisis measures for continued development of reforms in the country.
- For this purpose, working groups and expert commissions are formulated within the roundtable, which will include representatives of all its participants.
- For permanent contacts with the Russian government and the parliament, authorized representatives of Russian legislative and executive power shall participate in the work of the roundtable. [end boxed material]

Economic Stabilization Commission's Deliberations Reported

934E0038B Moscow KOMMERSANT-DAILY
in Russian 26 Jan 93 p 9

[Article by Vladislav Borodulin: "Government Plans Its Work A Year Ahead"]

[Text] The new Russian cabinet is actively formulating its economic course. In doing so, its developed programs bear a strategic character, and also outline the government's medium urgency plans of action. At the meeting of the Commission for Stabilization of the Economy which was held yesterday, the government's plan of action for 1993 was reviewed. The commission discussed proposals for the continued development of a mechanism for implementing economic reforms in Russia. The outlined measures were approved on the whole, although the plan was sent back for reworking.

The Commission for Stabilization of the Economy was created in December of last year. The commission's primary task was the development of an anti-crisis program, but then it was assigned the task of creating programs defining the government's course. The membership of the commission, which was headed by First Deputy Prime Minister Vladimir Shumayko, also included Vice-Premier Georgiy Khizha, Minister of Economics Andrey Nechayev and Minister of Finance Vasilii Barchuk.

With the ratification of Viktor Chernomyrdin as head of the government, development of several programs defining the basic directions of work of the Council of Ministers was undertaken. Among them is the integrated program of finance-economic activity of the government, developed under the leadership of Vice-Premier Boris Fedorov, a plan for emergency anti-crisis measures, and a plan for work on stabilization of Russia's economy. Last week the first two programs were reviewed and approved by the Council of Ministers Presidium, and the unified variant of all three programs will be reviewed on Saturday at an expanded meeting of Shumeyko's commission.

The draft of the plan for stabilization of the economy represents a list of 133 normative statutes grouped into four sections. The first section contains proposals requiring the decision of the Supreme Soviet, then—proposals for the president, proposals for submission to the government and proposals for joint decision with the Central Bank. KOMMERSANT experts note that such an approach to the compilation of the plan will allow the government in the future to more clearly delineate responsibility with the parliament and the Central Bank for fulfillment of various principles of the plan. And although formally the realization of the plan is intended for all of 1993, experts on Shumeyko's commission believe that the greatest part of it will be fulfilled already in the first six months.

Aside from "methodological" differences from Gaydar's anti-crisis program, the proposed draft also contains a number of conceptual divergences from it. First of all, this concerns the methods of supporting enterprises and stimulating investment activity. And specifically, the point on developing by April a system of protectionist measures for protecting Russian enterprises on the domestic market has appeared for the first time as a program document. Moreover, the submitted document includes a statute on developing the system of state control over prices on products produced by monopolist enterprises. At the same time, it is a significant fact that sanctions are provided only in the case of such enterprises utilizing their dominant position, and not the very fact of this position.

As a result of the discussion which was held, a decision on reworking the presented document was adopted. It is presumed that approximately one-fourth of the points which do not correspond with the plan for implementation of anti-crisis measures will not be included in the final variant of the plan. The next meeting of the Commission for Stabilization of the Economy will be held on Saturday, and KOMMERSANT will report on the results of its work in its 1 February issue.

[Boxed material] Certain principles of the plan of work by the Chernomyrdin government not provided by the Gaydar government

- To prepare quarterly reports on socio-economic development and on state influence on stabilization of the economy;
- To prepare a government decree on a system of measures for protecting Russian enterprises on the domestic market;
- To prepare a government decree on improving the system of state control over price formation;
- To prepare a government decree on the centralized order of keeping a state register of enterprises;

- To prepare proposals for support of those scientific, technological and planning institutes whose thematics correspond to the state structural and industrial policy;
- To prepare a decree on creating a commission on placement of production capacities. [end boxed material]

Effect of Moscow Currency Exchange on CIS Currencies Surveyed

934E0038C Moscow KOMMERSANT-DAILY
in Russian 29 Jan 93 p 5

[Unattributed article: "Fate of the Russian Ruble in the Baltic and Commonwealth Countries is Decided at the Moscow Trading Sessions"]

[Text] Currency trading sessions in the Baltic and Commonwealth countries held in the course of this week showed that the relations of "soft" currencies to each other and to the dollar are largely determined by the market conditions on the Russian currency market, as well as by the capacity of national and commercial banks of the former USSR republics to react quickly to changes in quotes on the dollar at the Moscow currency trading sessions.

The reaction of Estonian commercial banks to the results of the Moscow trading sessions was immediate after receiving the news of the exchange rate which had been fixed on Tuesday. Already in the second half of the day, the Estonian banks reduced their quotes on the ruble by an average of 0.004 kroon, to a rate of 0.0218 kroon/ruble [R] during purchase and 0.0227 kroon/R during sale. According to the evaluations of observers, this decision was dictated also by the results of the currency auction at the Tallin International Stock Exchange (reduction of the average exchange rate of the ruble by 0.003 kroon as compared with the previous auction, bringing it to a rate of 0.0237 kroon/R). Moreover, on Monday, for the first time in the last month-and-a-half, the auction exchange rate of the dollar (527.1R/\$) was lower than the Moscow quotes which had been fixed on Tuesday.

On Monday, the leadership of the Bank of Latvia made the decision to stop buying up non-currency rubles for rublis, the exchange rate of which in relation to the dollar remains at a level of 172 rublis/\$ at the trading sessions of the Baltic Stock Exchange. In connection with this, according to the evaluations of observers, the Bank of Latvia's decision will remain in effect until the exchange rate of the ruble stabilizes in Moscow. At the same time, the sale exchange rate was lowered several times during the week, and on Thursday it comprised 0.32 rublis/R.

The National Bank of Ukraine this week has not yet changed the official exchange rate of the ruble, which has already for a week been at 1,6391 karbovanets/R. According to the evaluations of specialists, the stabilization of its quotes is explained by the proportional growth

of the exchange rate of the dollar at the Moscow and Kiev exchanges. Specifically, at the trading sessions of the National Bank of Ukraine Currency Exchange, the rate of the dollar stopped at the mark of 1,002 karbovanets/\$, which is 56 karbovanets (R91.8 when recomputed according to the current official exchange rate) higher than at the 19 January trading sessions. As a result, the official exchange rate of the dollar set by the National Bank of Ukraine approached that of the currency exchange, and in the next week will be at a level of 931.01 karbovanets/\$ (the increase comprised 153 karbovanets).

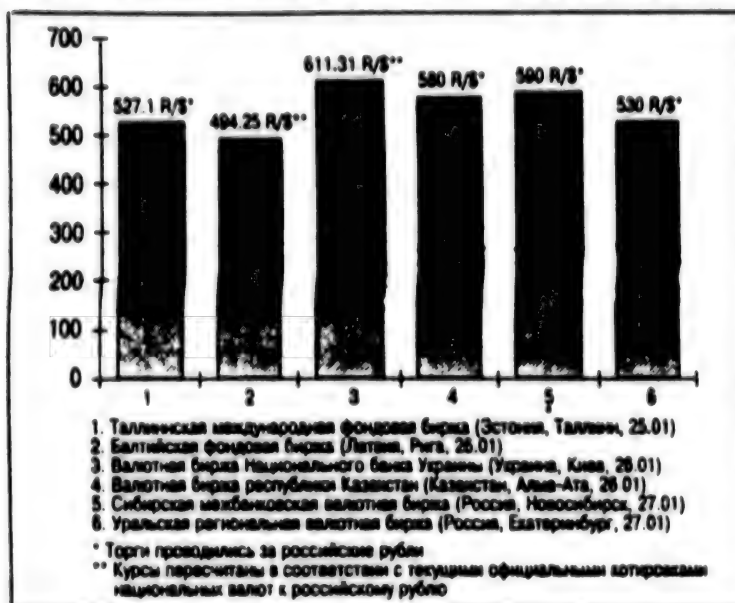
In Belarus the exchange quotes on the Russian ruble also remained stable for two weeks, at the level of 1.21 Belarusian noncash rubles for 1 Russian ruble (average weighted exchange rate according to the results of electronic trading sessions and of the currency auction held by the Belorussian Stock Exchange on Tuesday).

As a result of the destabilization of the Russian currency market, this week the leadership of the Republic of Kazakhstan Currency Exchange postponed the trading sessions regularly held on Tuesdays to Wednesday. As a result of the trading sessions, the exchange rate of the dollar stopped at a mark of 580 Kazakh noncash rubles for one dollar, which is 50 points higher than at the trading sessions of 19 January.

In connection with the stable level of prices in Uzbekistan and their growth in Russia, which is associated with the increase in the exchange rate of the dollar, a number of Moscow banks are making payments at a rate of 0.8-0.9 Uzbek noncash rubles for one Russian ruble. In connection with this, according to the evaluations of specialists, buying up dollars in Russia by Uzbek commercial structures is becoming unprofitable, and therefore in the nearest time it is expected that the Uzbek Republic Currency Exchange will renew regular trading sessions.

The first trading sessions of the year were held this Wednesday at the Urals Regional Currency Exchange, as a result of which \$1.9 million (supply and demand were at the same level) were sold at an initial exchange rate of 530 R/\$. In the words of the exchange's president, Gennadiy Yashin, this exchange rate more realistically reflects the market conditions on the currency market than does the Moscow rate. However, in the opinion of specialists, the coincidence of supply and demand for currency at the Yekaterinburg trading sessions allows us to conclude that the deals on the exchange are performed according to preliminary agreement for covering indebtedness between the participants. At the trading sessions of the Siberian Interbank Currency Exchange in Novosibirsk, the exchange rate of the dollar was fixed at 590R/\$.

Currency Exchange Rates at Trading Sessions in the CIS and Abroad



Key:

1. Tallin International Stock Exchange (Estonia, Tallinn, 25.01)
2. Baltic Stock Exchange (Latvia, Riga, 26.01)
3. National Bank of Ukraine Currency Exchange (Ukraine, Kiev, 26.01)
4. Republic of Kazakhstan Currency Exchange (Kazakhstan, Alma-Ata, 26.01)
5. Siberian Interbank Currency Exchange (Russia, Novosibirsk, 27.01)
6. Urals Regional Currency Exchange (Russia, Yekaterinburg, 27.01)

*Trading sessions conducted in Russian rubles.

**Exchange rates recomputed in accordance with current official quotes for national currency to the Russian ruble.

Bank Issues New Instructions for Foreign Currency Sales

PM0902090793 Moscow IZVESTIYA in Russian
29 Jan 93 p 2

[Ivan Zhagel report: "New Currency Trade Rules Approved"]

[Text] The Central Bank of Russia has issued an instruction "On the Procedure for Selling Goods (Jobs, Services) to Citizens on the Territory of the Russian Federation for Foreign Currency," which not only regulates this kind of commercial activity more rigidly but also obliges all organizations already trading for currency to reregister with territorial administrations of the Bank of Russia.

According to A. Potemkin, chief of the Central Bank of Russia Currency Administration, the emergence of the new normative document has been occasioned by the need to put currency trading in order and to formulate an integral concept in this sphere. Hitherto many temporary acts have been in operation here, based on the premise that such trading will soon be banned altogether. As a matter of fact, there is even now a decision of the

Congress of Russian People's Deputies to end transactions in foreign currency on the country's territory after 1 March. As our own experience and that of other states shows, however, it is impossible to impose an administrative ban on the circulation of dollars, [German] marks, and [French] francs, and they can only be ousted by a national currency as a result of creating certain economic conditions.

Given the present instability of the Russian monetary unit, to oblige all currency stores to trade only for rubles would mean pushing them toward curtailing their activity. Therefore the new instruction proposes a different way: not a ban but the introduction of parallel trading both for currency and for rubles.

This measure is not new, but not all have fulfilled it. Although, on the other hand, many currency stores are already accustomed to working with rubles and do so readily, like, for example, "Queen of Saba" and "Valtkham" on Tverskaya in Moscow, which belong to the "Tver" Joint-Stock Company. N. Bogatikova, the joint-stock company's chief accountant, said that at first they

were cautious about introducing parallel trading, but now ruble purchasers give them approximately one-half their income.

The new instruction contains a detailed list of goods and services that can be sold for currency and those that cannot. Generalizing, it is possible to say: Everything produced within the country must be sold exclusively for rubles. But goods obtained from nonresidents, in other words from enterprises and organizations not registered on the territory of Russia, may also be sold for currency.

In accordance with the new instruction, all organizations selling goods for foreign currency must have currency accounts in authorized Russian banks—which also has not always been observed hitherto. On the other hand, such currency receipts are not considered export receipts and do not have to be sold on the internal currency market, including the currency reserve of the Central Bank.

As regards the deadlines for reregistration, they are differentiated. Moscow and St. Petersburg organizations must be reregistered before 1 April, and all the rest before 1 March. After this any old license is deemed invalid. The question of reregistration may be considered the most delicate, although it is not proposed to exact any payment for this from the organizations. But it is quite likely that a number of officials will use the situation for personal enrichment.

But the official viewpoint, expressed by Potemkin, is that those who violate tax, customs, and currency legislation will have a problem with reregistration. The emergence of the new instruction, however, has been occasioned precisely by the need to instill order in the sphere of currency trading.

Likelihood of Currency Reform Pondered

PM0202094193 Moscow ROSSIYSKAYA GAZETA
in Russian 2 Feb 93 First Edition p 3

[Aleksandr Velichenkov "Commentary": "Monetary Reform: Behind or in Front?"]

[Text] The release of the 1993-pattern money bills into circulation gives rise to some questions which are as yet impossible to answer. Let us begin with the fact that, despite numerous statements by members of the previous and present cabinets, as well as by individual deputies, that there would be no monetary reform, preparations really were made for it. And it could have happened at any moment. According to data from unofficial sources, printing capacities were hurriedly created in 1992, and an adequate stock of new-pattern bills was run off. The obvious stimulus which closed the question of monetary reform in Russia was the conference of heads of the Commonwealth countries, which was held in Minsk 25 January. The CIS Charter was adopted and virtually deprived Russia of the opportunity to leave the ruble area by introducing its own currency. This alone can account for the emergence of "reform" bills of equal

value with those already in circulation. The creation of new money bills just for the sake of replacing symbols is too great a luxury even for a prosperous country. Russian commercial businessmen and their colleagues in nearby foreign parts, who handle at least 1.5 trillion rubles [R] in shadow cash turnover, can now breathe a sigh of relief. For the time being their briefcases and purses remain inviolate.

The question of just which organ in Russia is empowered to adopt the decision on monetary reform is very interesting. The laws "On the Central Bank of Russia," "On the Monetary System of the Russian Federation," and "On the Council of Ministers-Government of the Russian Federation" leave the aforementioned and other organs of management without any powers on this issue.

The CIS Interrepublic Bank, which the Minsk conference decided to create, will take on the heavy burden not only of interrepublic clearing and of control over cashless emission in the ruble zone. The release of new Russian bills into circulation, which is now under way, will confront it with a whole number of questions connected with servicing cash turnover. Are the new bills only internal Russian ones, or can they circulate equally throughout the CIS ruble zone? What is to be done if commercial banks follow the commercial stalls' lead and start refusing to accept bills of the 1961 pattern and of the "Pavlov reform," as has happened with R1 and R5 bills? How are we to react to the "grievances" of the national banks of the republics, Russia, and the CIS, which have received cash injections "in the wrong bills"? What measures are to be taken if, by analogy with cash and noncash exchange rates, this one starts to take shape on the financial market: new ruble—old ruble?

At present there are more questions than answers. But this is what is disconcerting. Not so long ago, in the spring and summer of 1992, we all heard it said many times over that the difficulties over paying wages resulted from the fact that the Goznak [Main Administration for Production of State Bank Notes, Coins, and Medals] had exhausted its potential. But six months later it turned out that capacities capable of ensuring the production of new bills did exist. Voylukov, deputy chairman of the Central Bank of Russia, actively publicized the Goznak's readiness to produce cash for the CIS countries "10 times more cheaply than on the world market." If the deputy chairman of the Central Bank did not make a slip of the tongue—and it is hard to believe he did—this means that new capacities have been created which exceed the former ones several times over. If productivity with regard to the 1961 bills stood at R1.0-1.2 trillion per quarter, then they can probably print at least R3-5 trillion of the new bills per quarter.

The final step toward hyperinflation has been taken. Russia has ended up on "Gaydar's swing": Either a large-scale crisis of nonpayments, wages not paid, and the threat of a shutdown of industry, or hyperinflation and an industry just functioning somehow. "Gaydar's swing" is swinging higher and higher. Inflation has

already topped 50 percent a month—in December and January. The new bills are becoming its actual embodiment.

It is hard to pin great hopes on a government which has changed its views on questions of price formation 180 degrees in the space of a month. Addressing parliament at the end of last week, the prime minister placed chief emphasis on measures to combat inflation, but in his own decree No. 33 of 18 January he had exempted even monopolist enterprises producing consumer goods from state price control. There then ensued the introduction of new bills with the possibility of their boundless emission.

In the same decree the government instructs the Central Bank of Russia to "go over to the monthly official rate"—which essentially means increasing it by 50-100 percent, in other words the introduction of another very strong proinflationary stimulus. It is totally naive to assume that there exists a real possibility of funding the 1993 budget deficit by issuing state bonds, as the decree also provides for. You cannot impose them on industry—it is already entirely bogged down in nonpayments, and business simply will not accept them. It only remains to give out bonds instead of wages, as in 1947. And, at the same time, to take the old bills out of circulation without replacing them with anything, in order, after all, to carry out the "monetary reform" which did not happen in January.

Central Bank Ruling on Commercial Banks Hit

*PM2901165793 Moscow ROSSIYSKIYE VESTI
in Russian 28 Jan 93 p 7*

[Vadim Soskov report incorporating comments by Mikhail Pazaryan, director of a department of the Association of Russian Banks: "Telegram From Central Bank Has Caused Alarm in Financial World"]

[Text] I would remind readers of the basic provisions of the Central Bank of Russia [CBR] telegram: "...as of 1 July 1993 all commercial banks licensed to carry out banking transactions must have incorporation capital of at least \$100 million rubles [R].

"Credit institutions which are not banks but which carry out certain banking transactions (except transactions involving the attraction and placement of the population's funds) as of 1 July 1993 must possess incorporation capital of at least R50 billion.

"If, as of 1 July 1993, operating commercial banks possess incorporation capital of at least R50 million to R100 million they can be switched to the category of other credit institutions with a restriction on the range of transactions which may be carried out (ruling out the attraction or investment of the population's funds). Such banks must exclude transactions on the population's accounts by 1 July 1993.

"If, as of 1 July 1993, operating commercial banks do not possess incorporation capital of at least R50 million they can be transformed into branches of commercial banks or become part of another bank.

"Otherwise the CBR will decide the question of withdrawing their license to carry out banking transactions..."

The CBR leadership explains its decision by saying that small banks are not reliable or stable enough and are not in a position to issue credit to major industry, since they are not entitled to issue credit greater than 25 times the size of their incorporation capital. From this it follows that small banks are involved not so much in production as in commonplace speculation.

But what do those principally affected by this telegram think? We put this question to Mikhail Pazaryan, director of a department of the Association of Russian Banks.

[Pazaryan] This is a step toward the monopolization rather than improvement of the banking system. I regard the telegram as ill-considered, to say the least, because as of today more than 85 percent of commercial banks have incorporation capital which falls below the cherished threshold. At a time when enterprises' reciprocal nonpayments are again running into many billions, there is simply nowhere to obtain spare funds to increase the incorporation capital of banks in whose foundation many industrial enterprises have participated. This problem will be felt particularly acutely in the provinces, where there is virtually no industry apart from agricultural processing enterprises. And setting up branches is not the best solution, since there are abundant examples where bank branches set up in rayon centers merely serve as a means for pumping resources to the center. And isn't that one of the reasons for the difficult economic situation of the regions? Few major banks today will risk investing funds in local industry—turnover is low while the attendant risk is very high. The large banks look down on entrepreneurs who are starting out. Small banks, however, are glad of any client. If they disappear, where is small business to go?

The Russian banking system, of which the network of small commercial banks forms an organic part, is a market-economy structure which operates in a stable fashion and provides a solid income to the state. Is it sensible to seek to wreck it now? There can be no doubt that a death sentence now awaits many banks as a result of the implementation of the CBR's demands. Obsession with size in banking is typical of a highly developed economy. However, without having taken even the first steps toward a real market economy, we are trying to leap immediately to "imperialism—the highest stage of capitalism."

Meanwhile, in the United States, home to the biggest banks in the world, the total number of banks is several times greater than in Russia. This edge is primarily due to small banks operating in towns with populations of up

to 15,000. These banks are geared toward farmers, the owners of small stores, and ordinary Americans. These banks compete with one another for every customer. In our country, however, it is the customers who compete among themselves in a bid to find a decent bank. And the savings bank is, alas, unable to solve that problem.

Regarding the speculation toward which small banks are allegedly oriented, I do not find the argument at all convincing. If it is more profitable in our economy to engage in buying and selling, no bank at all, not even the largest, will refrain from such transactions. Without reliable state guarantees we won't see investments in the production sphere. Without them our domestic commercial banks won't even want to get involved with soft loans intended to develop and modernize production and establish new forms of economic activity. It's a strange situation, as in a developed market economy economy bankers fight for the right to get state-backed soft-loan business.

Apart from everything else, the CBR telegram is at odds with Russian laws, particularly the law "On Banks" and the law "On the Central Bank of the Russian Federation." After all, those laws do not say that the activity of a financial institution may be stopped because of inadequate incorporation capital. Can a bank be retroactively deprived of its license for that reason?

Modifying the words of the well known poem, I would like to say that all banks are needed and all banks are important. Let objective economic laws, rather than "directives from the center," decide which of them sink and which swim.

Drafters of Bankruptcy Law Downplay Impact on State Enterprises

934E0033A Moscow IZVESTIYA in Russian 4 Feb 93
p 2

[Article by Irina Demchenko: "The Law on Bankruptcy Is Going into Force Soon—But State Enterprises Do Not Have To Be Worried"]

[Text] The drafters of the Russian Law On Bankruptcy of Enterprises invited journalists to receive a reminder that by decision of parliament the law goes into force on 1 March of this year. But they immediately stipulated that we should not expect bankruptcies right away.

Under the law the decision on bankruptcy of an enterprise can only be made by an arbitration tribunal in response to a petition submitted to it by the bankrupt enterprise itself, its creditors, or the procurator. The tribunal has the right to decide either to liquidate the enterprise or to reorganize it and clean up its finances. Natalya Lifshits, chief consultant to the Supreme Arbitration Tribunal, stated that the tribunal will favor the second option. In the case where reorganizational steps fail all the same, 2-2.5 years may pass before the enterprise will be declared bankrupt and closed. And no

provision is made for indexing inflationary losses which the creditors will be suffering all this time.

Of course, Russian Premier Viktor Chernomyrdin spoke in parliament last week, saying that the government will support state enterprises. He himself recently signed a government directive which orders the Russian State Committee on Property to conduct several demonstration enterprise bankruptcy proceedings.

In the words of Galina Fedotova, a representative of the Ministry of Economics, this ministry is setting up an interdepartmental commission on bankruptcy of state enterprises. "This will be an organ for fast reorganization," she stated. "The commission will give aid to enterprises that are experiencing difficulties, to prevent bankruptcies."

Fedotova said that the government is forming a special fund to support bankrupt enterprises. The interdepartmental commission of the Ministry of Economics will decide whether an enterprise is worthy of this support, giving priority to the so-called "key enterprises for the economy." Let me recall that no fund for support of potential bankrupts is envisioned in the expenditure part of the 1993 state budget which was introduced in parliament by the President of Russia. In the opinion of the drafters of the law, however, this fund will be formed both from budgetary capital saved and from state credits, deductions from enterprises that are working well, and local sources of financing. The final decision about the sources for its formation should be made by the government by the end of March. In any case, it is clear already that the so-called market law on bankruptcies brought back to life a whole branch of the centralized socialist system of state control.

It is already easy to predict how this mechanism will operate. Thus, incidentally, the shutdown of the main conveyor at the Moskvich auto association demonstrated graphically that from the standpoint of state regulation it is senseless to allow the bankruptcy of any enterprise that fits into a technological chain—in this case, for example, it was the Ufa Machine Building Plant, which supplied Moskvich engines, and this forced all the other enterprises involved in this chain to shut down too. Furthermore, the billions in losses that Moskvich is incurring daily because of the forced shutdown will most likely be covered by the state out of this very fund.

It is apparent that in the category of "key" for the economy the government will also include all enterprises of basic sectors, monopoly enterprises that produce certain types of output, enterprises linked to the whole regional infrastructure, and enterprises of food and light industry. So it will not be hard to find candidates for "model" bankrupts—and at the same time the general crisis of nonpayments and lack of investment today makes it possible to declare almost any enterprises bankrupt at the choice of the directive organs.

Most likely the campaign of "model" bankruptcies in our non-privatized economy will not last long and will end without repercussions. Meanwhile, if the Russian Government were not careful in its actions and allowed one of the domestic industrial giants actually to become bankrupt, the repercussions could be tragic. It is hard to picture hundreds of thousands of our workers standing humbly at the boarded-up gates of their plants, and I do not even want to discuss the means which the state would have to use in this case to reinforce its own political will.

Yasin Sees Combating Inflation as 'Priority Issue'

PM0402185693 Moscow DELOVIE LYUDI
(INTERNATIONAL EDITION) in English No. 29,
Dec 92 pp 7, 47

[Yevgeniy Yasin, director of Expert Institute of Russian Union of Industrialists and Entrepreneurs, replies to questions put by DELOVIE LYUDI: "Yevgeniy Yasin: 'On a Five-Point Scale, I Would Rate the Results of Reform Between 3 and 4'"—first four paragraphs are editorial introduction]

[Text]

Russia's First Year of Reform

The heads of some leading economic think-tanks reply to the following questions from DELOVIE LYUDI:

1—What is your view of the year of reforms pursued by the Yeltsin-Gaydar government?

2—What should be expected in 1993?

[Yasin replies] 1—From the word go, the government has had to act in extreme conditions. The country was like a patient close to a coma and could be pulled out of that condition only by shock therapy. If the government has done anything wrong it is that it has failed to liberalize prices, including fuel prices, across the board, even if with extra regulating measures. If it had done so, it would not later have had to raise fuel prices by five times and spark off higher prices on other goods as well. I can see no way out of the crisis other than price liberalization. If the government had not lifted price controls, there would have been many more grounds for criticism. We have come to learn the bitter taste of finance-stabilization policy. We do not like it, but sooner or later the cure would still have had to be administered.

Still, the cabinet has committed serious mistakes, including some in stabilization policies. During the first two months it overdid the policy and is now backtracking. We are confronting the threat of hyperinflation. The steep fall in production is evidence that the government has paid insufficient attention to microeconomics and cooperated too loosely with enterprises. It has also failed to establish effective institutions for maintaining production operations along the route of reform.

As long as the government has to carry out tough financial and credit policies, enterprise will continue to enjoy fairly modest opportunities. Painful policies cannot be avoided and this will affect business. The government should rely more on business people, including a significant share of the directors of state-owned enterprises.

2—I expect the restrictions of demand in 1993 to reach enterprises in all sectors. Production will continue to fall, although at a slower pace. Shifts in the structure of the economy will have a greater impact. I believe the recession will stop in the consumer sector and agriculture. This presupposes certain actions on the part of the government, the Central Bank and others. The slump will, apparently, continue in the investment sector, the construction industry and, possibly, mechanical engineering. It will be particularly manifest in the sectors that produce intermediary products and are afloat today. They have not yet been affected by the crisis.

I am concerned that inflation will continue to rise for too long a period. Next year it may exceed 50 percent a month, which means hyperinflation. The government should demonstrate the utmost precision and efficiency. It requires the understanding and sympathy from entrepreneurs and parliament, who recently found the government's performance unsatisfactory. It is possible to replace the government, but no one can abolish, by injunction, the objective problems facing the economy. Combating inflation is a priority issue. For the fourth year running, the Russian economy has not had enough investment. The country is using up its production potential. Once again, inflation is the centre-piece of all problems.

Abalkin on Economic Ills, 1993 Expectations

PM0202175393 Moscow DELOVIE LYUDI
(INTERNATIONAL EDITION) in English No. 29,
Dec 92 pp 7-8

[Academician Leonid Abalkin, director of Russian Academy of Sciences' Economics Institute, replies to questions put by DELOVIE LYUDI; Leonid Abalkin: "The Results of the Russian Government's Performance in 1992 Look Bleak"—first four paragraphs are editorial introduction]

[Text] Russia's First Year of Reform [subhead]

The heads of some leading economic think-tanks reply to the following questions from DELOVIE LYUDI:

1—What is your view of the year of reforms pursued by the Yeltsin-Gaydar government?

2—What should be expected in 1993?

[Abalkin replies] 1—During the first eight months of 1992, the slump in production amounted to some 20 percent of GNP. Judging by all appearances, production will drop even further by the end of the year. A non-payment crisis has exacerbated problems in the financial system and in monetary circulation, strangling the economy. The growth in consumer prices will reach

2,000 percent by 1993. Price hikes totalling 1,000 percent in any given year are generally regarded as hyperinflation. Hyperinflation is now a fact of life in Russia.

Of course, gross structural aberrations have been accumulating in the economy for decades. The depression was inevitable, but its scope and depth could have been less. The government has made telling blunders. Liberalizing prices while preserving production monopolies, along with the virtual absence of any anti-monopolist measures would have led inevitably to this result. Some people say that the government has just not foreseen all the consequences. This explanation can only come from those who have a poor understanding of the situation, or who are simply mistaken.

2—The fall in production will continue in 1993 as the downward trend gathers momentum. If a cattle herd decreases, it is not possible to restore it overnight... If investment has fallen by half compared with last year, time is needed to bring it to its former levels. It is too late to stimulate production, so a further decline in the population's living standards is unavoidable. The question remains as to whether the government can identify the right priorities, such as housing construction and the production of medicine and children's goods, amid the overall depression. It could achieve appreciable economic and social benefits by concentrating limited resources here. If a sober attitude prevails, such breakthrough zones could perhaps be found. One example is the housing sector. Financial resources can be redistributed. The construction industry is still in one piece, but it cannot function properly: warehouses are bursting with cement and unused building materials since potential customers lack the money to buy them.

Unemployment will increase, especially in those regions where heavy industry and military-industrial enterprises are concentrated. Here, residential development and production operations are inseparable. Yet even here it is possible to predict the situation and employ safeguards to forestall social outbursts. For instance, the government can organize public involvement and stimulate the creation of new jobs, including some in private industry and agriculture. Of course, all this will require social accord.

Banking institutions, trading and intermediary organizations, as well as consulting, information and stock-trading companies will continue to emerge in 1993. They will not bring an immediate recovery, but they will set the stage for reversing current trends. The first positive results can be expected sometime in early 1994.

'Weak Spots' of Chernomyrdin Strategy Probed

PM0202121193 Moscow ROSSIYSKIYE VESTI
in Russian 30 Jan 93 p 3

[Article by Yuriy Rytov under the "Prognosis" rubric: "How To Go Forward Without Breaking Our Necks Along the Way"]

[Text] Modifications in the course of reforms are necessary and inevitable, but will such modifications not essentially emasculate the actual reforms? The main guidelines in the activity of the new cabinet have been defined: Are they mutually compatible? Yegor Gaydar had a team of like-minded individuals: Does Viktor Chernomyrdin have such a team? Parliament takes a decision without taking account of the opinion of cabinet members: Will the government be able to fulfill such decisions?

The words highlighted in the title belong to Prime Minister Viktor Chernomyrdin. I think that they reflect extremely accurately and extremely graphically the sum total of the problems which our grim reality sets before him. Indeed, what has Viktor Chernomyrdin inherited from his predecessor?

A slump in industrial output, at a level of around 20 percent compared with last year. A consolidated budget deficit of 1.1 trillion rubles, which is significantly higher than the deficit measured at 5 percent of GDP promised by Gaydar. Finally, a level of inflation in December of 25-26 percent (instead of the mild and easily regulated 5 percent)...

What actions was it possible to undertake in such conditions "without breaking our necks along the way"? (Incidentally, I personally take this image metaphorically: It is probably a question of not breaking once and for all the back of our long-suffering people.)

Issuing his first program statement in early January at a meeting with Moscow industrialists, Viktor Chernomyrdin with complete justice stated that the results of the first year of economic reforms in Russia "give no grounds for euphoria—the crisis remains severe." In the words of the new head of government, reckoning on tough financial restrictions has not worked, and the result of the former cabinet's monetarist policy has been a sharp downturn in production. He called the fact that reforms had been devoid of a social base another miscalculation. "I am for strengthening the social orientation of reform," the prime minister stressed, "bringing it nearer to the individual, to his interests, to Russia's profound national interests. I will do everything to ensure that the government which I head accomplishes these tasks."

At the same meeting Viktor Chernomyrdin formulated his system of priorities.

Task number one is "to slow down, and then to stop, the economic downturn." The federal program of developing priority sectors of production, providing for state support for these sectors, is expected to last two years. It includes, in particular, the gradual transfer of the military-industrial complex to the production of consumer goods, the manufacture of equipment for processing agricultural produce, and the equipping of the fuel and energy complex. As our readers will recall, at Viktor

Chernomyrdin's request parliament has already allocated an additional 200 billion rubles for support for the oil and gas industry.

Task number two is "privatization, as a key direction of reform at its present stage."

Task number three is the development of enterprise and small business. "It makes a lot of noise, but so far the new stratum—and some people call it a new class—is thinner than the film of oil on the Caspian Sea."

Task number four is to establish control over inflation. In the prime minister's opinion, all decisions that are adopted to strengthen the economy should be subjected to thorough study in order to prevent an upsurge in inflation.

Alas, even a superficial analysis of the program proposed by the new prime minister at once disclosed its weak spots. Indeed, how can a line that involves strengthening the social defense of the population and throwing a state financial lifeline to whole sectors of the economy be combined with a course toward curbing inflation and stabilizing the ruble?

Life has at once confirmed this anomaly. Whereas in December last year the level of inflation was 25-27 percent, in January of the current year, by some estimates, it could reach 50-60 percent. This is already hyperinflation, which, like a cancerous tumor, is capable of destroying not only the financial system but the entire economic mechanism.

What are the reasons for this severe upsurge in inflationary processes? Of course, they could not have emerged in the few weeks that Viktor Chernomyrdin has been in power. They accumulated throughout the second half of last year. Let us recall, for example, the cash crisis and the enterprise insolvency crisis. Significant money emissions were required to eliminate these crises. The situation was exacerbated by the substantial pay raise awarded to budget sphere workers. And now yet another wave of emissions will be needed—parliament has adopted a decision to index pensions, which, on the basis of elementary worldly logic, is bound to be followed, by the indexation of pay. On top of this, the question of the indexation of public cash deposits has arisen in all its urgency, and will evidently be resolved affirmatively.

And here we encounter a paradoxical fact. The majority of highly important decisions connected with the financial environment are being adopted not by the government, but by parliament—and often contrary to the opinion of ministers. Thus Finance Minister Vasilii Barchuk categorically protested the wholesale indexation of pensions and called for parliament to limit itself to additional help for the most deprived strata of the population. His voice was not heeded.

In this way responsibility for decisions of whose correctness members of his cabinet are not entirely assured is being laid on Viktor Chernomyrdin's shoulders.

But this is not the only nuisance to have descended on the new prime minister in the first days of his premiership. A highly confused situation has developed around the government decree on the state regulation of prices. Chernomyrdin's desire to adopt this document is entirely understandable: By restricting the maximum level of profitability to 25 percent he hoped to stop the growth of prices. In other words, to reinforce by real action his declared course toward social protection for the population.

Unfortunately he did not manage to see the weak spots in the draft document submitted by the Russian State Committee for Prices. And it is possible to count at least three such weak spots.

First, following the restrictions on profit margins, enterprises are losing all interest in trying to reduce production expenses. The principle of "the worse, the better" is coming into force. Why economize on raw materials and reduce the work force if the profits generated from so doing still do not go to the collective? Why complicate life for yourself, if the same result can be produced not by ability, but by numbers?

Second, even if prices were reduced, the average Russian citizen would by no means feel the benefit. Consumer goods being produced would at once find their way to the commercial trade structures. And they have accumulated a very rich experience of hiking up prices and their condescension in this area can hardly be relied upon.

Third, the introduction of regulated prices would, like it or not, be a major retreat from the market line. Was it really then worth chasing our own tails by wasting a year on liberalizing prices!

It has become known from competent sources that First Vice Premier Vladimir Shumeyko and Vice Premier Boris Fedorov have protested sharply against the new decree and have sought to have it rescinded.

Experts have assessed this step of the premier's variously. Some have praised him for his tractability. Others have hinted at substantial disagreements among members of his cabinet. At any rate, it is obvious that Viktor Chernomyrdin does not yet have his own team.

The Council of Ministers Presidium session held 20 January was marked by yet another surprise. Chernomyrdin proposed that the implementation of the program for deepening reforms in the country be deemed unsatisfactory. Bearing in mind that the composition of the Cabinet has as yet undergone no substantial changes, responsibility for the failure of the program should be assumed by the currently acting vice premiers and ministers. Chernomyrdin has displayed a toughness uncharacteristic of his predecessor and demanded unwavering fulfillment of decisions adopted earlier.

Once again the problem of stabilizing the finances has come to the fore. Speaking at the session, Vice Premier Boris Fedorov stressed that "today it is a question of

adopting urgent measures" in this sphere. He assessed the prevailing situation highly objectively: "The country finds itself in a most difficult state." The population's living standard is falling (in the past year it decreased by 28-30 percent), levels of production are decreasing, and "the state's national interests are suffering great damage." Among the key problems requiring priority solution Boris Fedorov named strengthening the ruble, stabilizing the situation in industry, and priorities in the social sphere. "It is in these areas that we need to work, trying to pack inside them all the parameters of economic policy," he stated.

I would like to draw readers' particular attention to this phrase. The country's current main financier has supported the prime minister's program, also considering possible the parallel solution of the three most difficult and mutually contradictory tasks. Once again let me stress: The majority of members of parliament also support such an approach.

However, for me personally the reality of the projected measures is again and again a cause of great doubts. These doubts are based on the sad outcome of Gaydar's experiments. After all, at the first stage of reforms, he was trying to achieve not three, not four, but just one task. In the name of this objective he deliberately countenanced a downturn in production and a reduction in people's living standards, firmly convinced that any radical reform requires great sacrifices.

Incidentally, a curious fact: The parameters of financial stabilization for 1993 put forward by Fedorov virtually coincide with those which Gaydar set himself last year. To wit: reducing the rate of inflation by the end of the year to 5 percent per month; decreasing the consolidated state budget deficit to 5 percent of GDP; and stabilizing the ruble exchange rate by the second half of the year.

Meanwhile Boris Fedorov's colleagues in the cabinet are also busy, working on their own programs. Our newspaper has already discussed the contents of the draft program for stabilizing the economy prepared by the Ministry of the Economy at the behest of Vladimir Shumeiko. For this reason I will recall only some of its noteworthy points:

- to permit the Central Bank to prolong targeted preferential credits for defense industry enterprises and organizations undergoing conversion.
- to exempt textile and light industry enterprises in all forms of ownership from the necessity of selling some of their hard currency income from exports on the currency market, provided that it is directed toward purchasing raw materials, components or redeeming foreign loans.
- to extend the system of subsidizing livestock production.

—granting collective farms, state farms, and other agricultural enterprises state credits to supplement working capital on the security of their property.

It is easy to understand that state subsidies and preferential credits calculated in billions of rubles can in no way promote financial stabilization. Measures stipulated in one program contradict the guidelines enshrined in another.

From all that has been said it is possible to draw the following conclusions.

First. Viktor Chernomyrdin has set himself immeasurably more complex tasks than his predecessor.

Second, in the course of performing these tasks, owing to the poor compatibility of the priorities assigned themselves, friction could arise between cabinet members defending the interests of the ministries and departments which they head. Changes in the government's composition are therefore possible.

Third. Everything indicates that the new government will experience severe and sustained pressure from parliament, which with its legislative acts is capable of substantially influencing the course of reforms. There is no need to go far for examples: The bill submitted on giving priority to labor collectives in the privatization of enterprises essentially cancels out Anatoliy Chubays' entire program.

And the fourth conclusion. We are unlikely to easily succeed now in getting the billions of "greenbacks" on which we had been so much counting. The inflationary pressures which have acquired an unprecedented scope will probably oblige the IMF and other financial organizations to take a tougher position. At best we can hope only for a deferment of payment on our current debt.

All the same, let us try to be optimistic. Many eminent economic experts—both Russian and foreign—believe that Viktor Chernomyrdin has great chances of success. Pavel Bunich, for example, fully supports the new government's first steps, aimed at slowing the downturn in production and strengthening the social sphere.

And here is what Fordham University Professor Vladimir Kvint [name as transliterated] writes in THE NEW YORK TIMES: "Chernomyrdin knows by experience what a difficult choice must be made; he understands the economy and has experience of administration... Now that Yeltsin has appointed Chernomyrdin he is in a stronger position than when Gaydar, who is not a realist, was at his side."

As we see, it is not so simple for Viktor Chernomyrdin to "go forward without breaking his neck on the way." However, our long-suffering fellow citizens, who are tired of poverty, should hope for the best: that the tasks put forward by the new premier will be achieved, and that his head will remain firmly on his neck.

Customs Operations for 1992 Reviewed

934E0011A Moscow ROSSIYSKIYE VESTI in Russian
2 Feb 93 p 3

[Article by Valeriy Andrianov: "The 'Suitcase Agency'? No, a Regulator of Foreign Trade: Russian Customs Service Sums Up the Past Year"]

[Text] Aleksandr Pushkin once wrote that every traveler always blames the station master for every mishap. Much has changed over the past century-and-a-half, but people who love to travel still complain about things. For instance, people traveling abroad often have unkind words to say about customs agents. The inspection procedure leaves an uncomfortable feeling even with people who never even considered carrying any contraband out of the country. Indeed, what person could feel good about watching a stranger rummaging around in his or her bag or suitcase? The customs agents themselves probably do not have any great desire to peek into other people's luggage, either.

However, it should be noted that their painstaking inspection of those items' contents often leads to finds that lead in turn to questioning by law enforcement agencies. In the course of last year's inspections customs agents found narcotics on 71 occasions, seizing 340 kilograms of that poisonous cargo. That ties in with the fact that experts believe our country is becoming a transshipment point for the illegal drug trade. Traditional routes from Southeast Asia and Latin America have long been known and are being watched more and more closely. But until recently Western Europe did not expect drugs to enter from Russia. Moreover, illicit drugs are now being produced "for export" in Russia itself and in other CIS republics.

Customs reports also mention another kind of "goods" with increasing frequency: weapons. Many passengers returning home bring weapons with them, citing the dangerous situation in the country. But only in rare cases are the weapons actually intended for self-defense—more often they are bought for other purposes, including resale. Last year 150,000 weapons and other munitions were seized!

Weapons are brought in, while metals, currency and cultural objects are carried out. Last year a total of 880 million rubles [R] in foreign currency were intercepted, as well as R60 million in gold and R35 million in silver. There were a total of 6,000 cases of smuggling discovered among passengers or in non-commercial shipments of goods, with a total value of R1.3 billion in contraband. This included many works of art and antiques. It is a well-known fact that many foreign tourists want to take old icons home as souvenirs of their trip to Russia. Last year 3,500 objects of cultural significance were seized at the border.

Looking at those statistics, it might seem to the uninformed person that customs agents' primary task is to search passengers. But they have many other, more

serious concerns: raw materials and other valuable goods are being taken out of the country by truck and railway car. Recently 86 railway cars full of hardened steel were stopped at the Moldovan border. Over the past year the amount of contraband seized from shipments bound for foreign countries has risen to more than R2.0 billion. A total of 1,500 cases were investigated! Yet that is only a small portion of what moves across the border without going through customs inspection, mainly via the lightly-patrolled border with the Baltic states.

Valuable raw materials are flowing into those countries, and what comes flooding back to us are worthless rubles, further undermining Russia's already unstable financial market. In the fall the customs service conducted an operation aimed at combatting illegal transfers of money from the Baltic states to Russian banks. That operation resulted in R500 million being taken out of circulation!

But all these facts and figures do not reflect the full scale of customs operations and functions. In a civilized state customs should not be a Cerberus chained at the border, but rather one of the levers that regulates foreign economic activity by collecting fees and lowering or raising customs duties. In Great Britain, for example, those revenues comprise more than 40 percent of total state revenues. And here? Until 1986 the customs service was part of the Ministry of Foreign Trade. A unique situation: a monitoring agency subordinate to the very ministry that it is supposed to monitor. But at the time that seemed completely logical. The border was locked up tight, and only about 50 state-owned foreign trade organizations were permitted to trade with foreign countries.

After elimination of this foreign trade monopoly and repeal of the registration requirement for participants in foreign economic activity, it became one of the customs service's main jobs to collect duties from anyone engaging in import-export operations. By 1 December 1992 duties of R389 billion had been collected and paid into the state budget. That was approximately 1,000 times more than in 1991! Even allowing for inflation that is an impressive figure. Particularly since last year only R9 billion was allocated to maintain the customs service.

Previously all duties were collected at the border. With the current upsurge in foreign trade that would mean jammed sidetracks on rail lines and highway traffic jams kilometers long. Therefore the decision was made to establish customs offices inside the country as well. That means that if a plant located in Penza, for example, wants to ship freight abroad it fills out a customs declaration at the Penza Customs Office and pays all duties right on the spot. At the border all that is required is presentation of customs documents for stamping. This method is currently used for approximately 80 percent of exports. For this purpose nine regional administrations, 26 internal customs offices and approximately 150 internal customs stations have been set up. The number of customs personnel has increased from 7,000 to 16,000.

Last year was also a key year in the development of customs statistics in our country. In the past, foreign trade associations reported directly to the State Committee for Statistics. The customs service did not keep track of the amount of good imported and exported. That meant that the state did not have reliable foreign trade statistics. And that was always an obstacle to Russian participation in the GATT. Now, as of October 1991, all customs offices have statisticians on staff and keep strict records of all shipments crossing the border. The Russian Customs Service is relatively young. From its Soviet predecessor it inherited many good ideas and plans, but also another legacy that is far from ideal: inadequate equipment, a small staff and immense unpatrolled borders with the countries of the "near abroad." Last year was essentially the first year of full-fledged operations for this organization. It is only beginning to become what it should be: one of the primary mechanisms for economic regulation, not just the "suitcase agency."

Volskiy on Cautious Attitude of Foreign Investors

934A0694A Moscow DELOVOY MIR in Russian
No 10, 20 Jan 93 p 1

["Our Own information" report: "Arkadiy Volskiy on the Reasons for Slow Investment in Russia From Abroad"]

[Text] In the opinion of the president of the Russian Union of Industrialists and Entrepreneurs [RSPP] there are three reasons [for slow investment in Russia from abroad]. First, the lack of insurance against political instability in Russia. Second, the lack of insurance against business risk. Third, the lack of insurance for repatriation of profits. Without this, A. Volskiy emphasized, no foreign investment will come to us, or, more accurately, no major investments of private capital. He also noted in passing that he does not believe at all that Russia will be able to attract foreign investment along the government line of "The government changes, and credit policy changes with it."

Speaking at a news conference, Volskiy reported that at this time the RSPP is trying to find solutions to all three reasons. One, in particular, has already been found. This is the formation of an insurance fund that will contain \$12 billion to \$14 billion. It is already being set up. Incidentally, the president of the Russian Federation has also supported the idea of the fund. The fund will offer certain guarantees to foreign businessmen who want to do business in Russia.

A. Volskiy also reported that he has information that the largest foreign companies that had started to operate here have recently been leaving Russia. "This alarms us even more than the fact that many are not coming. I have talked with the leaders of these companies and asked them why they are leaving, and two factors emerged: the legislation of Kazakhstan, Uzbekistan, and some other CIS countries is more favorable for foreign investors

than the legislation of Russia, and in Russia the danger of becoming involved in inevitable criminal cases at some time in the future is too great, and this is something that is quite intolerable for foreign entrepreneurs," the president of the RSPP concluded.

Cultural, Trade Distance Between Poland, Russia Increasing

934A0694B Moscow PRAVDA in Russian 29 Jan 93
pp 1, 3

[Report by Mikhail Tretyakov: "A New 'Iron Curtain'? All About How We Are Leaving Poland and Have Only Ourselves To Blame"]

[Text] Warsaw, 26 January—It is sad to see how quickly the Russian presence in Poland is shrinking. No, it is not a question of our troops. An army should be on its own land, defending its own state, although, in contrast to us, the Americans are for some reason in no hurry to eliminate their military bases abroad.

In this case it is a question of the cultural, trade, and diplomatic institutions and the mass media. According to the Polish press, from March the relay to Poland from the Ostankino Television Company will cease. You cannot purchase a Russian periodical on the Visla. They are simply not there.

We are leaving Poland, quitting our closest neighbor and until lately largest partner, while the Americans, Germans, English, and French are increasing their influence. Judge for yourselves: in terms of number of diplomats, the American Embassy is more than twice as large as the Russian Embassy. Newspapers like KOMSOMOLSKAYA PRAVDA, TRUD, and RABOCHAYA TRIBUNA have closed their correspondents' offices. The ITAR-TASS agency today has only one correspondent, although earlier there were five. Only one journalist remains in Warsaw for the NOVOSTI agency, which used to have offices in Gdansk and Krakow. To make up for this, the American Peace Corps recently widely celebrated a housewarming in the Polish capital (with a staff of 25 people), and the number of Western correspondents is growing with each passing day.

What is the explanation for all of this? The answer is always the same—no money! Neither the Russian Ministry of Foreign Affairs, nor the foreign trade office, nor the Russian Agency for International Cooperation and Development (RAMSiR), nor the mass media. Plainly no one knows where it has gone. Previously, under the "hated totalitarian regime," there were funds, but today under the "home-grown democratic regime" there are none. It is as if there had been a war. How could a state become so impoverished, and in so short a time?

You will recall how the most frenzied "brother democrats" made so much noise at meetings and in the press, saying that the USSR was supposedly "the evil empire, a prison for the people." So, they said, destroy it and we shall live happily and prosperously. They did destroy the

Union, but happiness and prosperity did not come, but instead grief and deprivation, beyond measure.

I recently visited the House of Russian Culture, located in the center of Warsaw. Even just recently, it used to be bubbling with life. Exhibitions and movie screenings and cultural soirees were organized, and seminars and readings in Russian. It was possible to read a periodical or find a new book. The house was a welcome place for many of the friends of our country, an important cultural center.

Now silence reigns. No, not because of the negligence of the associates, but because Moscow has cast it to the whims of fate. The RAMSiR sends no newspapers or journals or books or movies or exhibitions or creative collectives to Warsaw. Apparently, in this respected institution they work on the principle of "look out for yourself."

And to be candid, they are looking out for themselves poorly. Last year the threat of liquidation hung over the House of Russian Culture because of nonpayment of the lease for the building. Fortunately, Vice President Aleksandr Rutskoy intervened in the matter, and the problem was finally resolved. But how did the RAMSiR officials react to that? They were insulted: Why, they said, was "such a high authority" disturbed? For them, of course, it would have been easier quietly to close the doors of the house, and with it the problem as such. The more so since here we are in the new year and they have to think about funding again.

Of course, it could be closed. But what will happen to the numerous admirers of our culture, our friends, those interested in current affairs in Russia? For there simply is no other place in Warsaw.

The associates of the House of Russian Culture are doing everything possible in their power to save Russia's prestige. They have used their own resources to organize delivery of newspapers from Moscow. And it must be said that the periodicals disappear in an instant, PRAVDA first and foremost. They invite artists who for one reason or another have not been to Poland. But it is impossible to operate in this way. A clear-cut program is needed for the activity of our cultural institutions abroad, and appropriate funding. Otherwise, we shall isolate ourselves from the outside world better than was done during the era of the notorious "iron curtain."

China Plans to Expand Cooperation in Chemicals, Petrochemicals

934E0021A Moscow ROSSIYSKIYE VESTI in Russian 3 Feb 93 p 1

[Unattributed article: "China Interested in Cooperation"]

[Text] China intends to establish close cooperation with Russia and the other CIS countries in the sphere of chemistry and petrochemistry, announced the PRC

Deputy Minister of the Chemical Industry Li Zibin. In his words, a preliminary agreement has been reached on developing a number of large joint enterprises which will engage in the extraction of natural resources on the territory of the former USSR. China is prepared to supply Russia with products which are in shortest supply here, including pesticides and dyeing materials in exchange for chemical fertilizers, primarily phosphate.

Bank Consortium to Facilitate Interrepublic Trade

934E0021B Moscow ROSSIYSKIYE VESTI in Russian 3 Feb 93 p 3

[Unattributed article: "Bankers of All Countries, Unite!"]

[Text] The "Energiya" Association of Independent Commercial Banks intends to create the joint-stock interstate bank, "Commonwealth" ["Sodruzhestvo"].

Explaining the initiative, the general director of the association's executive council, Mikhail Zotov, noted that their organization includes 31 banks from Russia, Ukraine, Belarus, Kyrgyzstan, and Turkmenistan. In his opinion, the intersectorial ties in the fuel-energy complex, although they have suffered as a result of the disintegration of the union economy, are nevertheless retained to a significant degree, since this complex was at one time created as a singular organism. However, today it is a complicated matter to perform mutual accounting through central banks, and this leads to delays and accumulation of mutual non-payments, which have reached trillions of rubles.

"We feel the solution to this situation," said Mikhail Zotov, "is the creation of such a commercial bank which would ensure its stockholders rapid mutual accounting and crediting of major economic programs and enterprises in one country or another. Twenty-seven Russian commercial banks have expressed the desire to become participants in the 'Commonwealth' Bank, as well as their partners from Ukraine, Belarus, Tajikistan, Armenia and Moldova."

Privatization Competition Plan Called Unfair

934E0021C Moscow ROSSIYSKAYA GAZETA in Russian 3 Feb 93 p 3

[Article by Yevgeniy Gilbo, associate at the Center for Development of Integrated Economic Programs, St. Petersburg: "The Winners Have Been Announced. We May Begin the Trading"]

[Text] The directive of Goskomimushchestvo [State Committee on Property] on investment competitions for the sale of facilities held under state and municipal ownership which are undergoing privatization may be called a generous gift to the "prikhvatizators" [privatization "grabbers"].

What procedure of privatization does this statute envision? First of all, it allows a closed competition so that "a circle of legal and physical persons who have been defined by the sellers and who have received special invitations to participate in the trading sessions act as the claimants." The competition commission consists of three persons, "one representative each from the seller, the committee for administration of property, and the finance agency." This commission independently develops and approves the regulations for their operation. "The meetings of the competition commission are valid if no less than two members of the competition commission are present at them."

In general, with the two or three of them getting together, they decide whom to allow in the competition and who is to be victorious in it. In such a small circle, it is possible to come to an amiable agreement quite easily. And no one will be able to object to the choice of the winner in the competition: Anyone who can offer better conditions (for the state, and not for the bribe-taker), will simply not be allowed in the competition.

In general, this is a generous gift from privatization to the bureaucrats. But where will we get these "objects of privatization" which will go for these competitions?

Goskomimushchestvo is in fact giving itself the right to take facilities out of the list of those subject to privatization for vouchers, and to sell them at its discretion. There can be no doubt that the best facilities will be taken out and sold for a pittance. The difference between the selling price and the actual price will be compensated in borzoi puppies.

We can already now roughly estimate that, according to this mechanism, up to 20 percent will be taken out of voucher trading.

But even this exclusion is now not enough. Goskomimushchestvo and its representative in the Supreme Soviet, Deputy P. Filippov, are today trying to drag through the so-called law on trust. According to this law, up to 20 percent of any privatized enterprise may be taken out of voucher trading and handed over for management by the enterprise administration. Then it will be able to quietly buy up these shares. So that the price of your voucher will decline by another one-fifth.

That is how it works, "public privatization." The mechanism has been legalized which makes it possible for a small circle of persons to "prikhvatize" a great portion of the property at the choice of the bureaucrats.

According to the Law on Personal Privatization Accounts, each citizen was to have received in his account a certain amount of investment funds, which he could direct toward the acquisition of stock in enterprises or other state property. Such a form has already been approved in Czechoslovakia and has proven itself well.

Instead of this, Anatoliy Chubays issued unnamed privatization checks—vouchers. These may be sold, and consequently, bought up in any amount. The funds of the entrepreneurs and the shadow economy, which before were intended by their owners for investments, were released for buying up vouchers, and thereby found themselves rechanneled into the consumer market.

In this way, the shadow economy obtained an excellent mechanism for simultaneously laundering money and concentrating the national wealth in its hands, while we all received an additional emission of secondary money, and for this reason also a fantastic acceleration of inflation.

Decree on Novgorod Oblast Economic Development

935D0250A Moscow ROSSIYSKIYE VESTI in Russian
28 Jan 93 p 5

[Decree No. 998 of the Russian Federation Government, dated 22 December 1992: "On the Social and Economic Development of Novgorod Oblast"]

[Text] For the purpose of stabilizing the economic and social situation in Novgorod Oblast under the conditions of transition to market relations, the Russian Federation Government decrees:

1. That the Russian Federation Ministry of Finance is to provide for the allocation:

—to the Russian Federation Ministry of Health in 1992-1993 of 1 billion rubles specially earmarked for centralized payment for unique medical equipment for treatment and preventive institutions in Novgorod Oblast;

—together with the Russian Federation Ministry of Agriculture and Food, in forming the Russian Federation's budget system for 1993-1995, of R2 billion from the Russian Federation republic budget's monies for the implementation of the Novgorodlen [Novgorod Flax] special-purpose program.

2. That the Russian Federation Ministry of Fuel and Energy:

—is to provide for carrying out technical and economic feasibility studies in 1992-1994 for the construction in Novgorod Oblast of a 1,200-1,500 megawatt electric power station using steam-gas units;

—is to carry out the reconstruction of the Chudovo Substation, converting it to a voltage of 330 kilowatts, and reconstruction of Central Thermal Electric Power Station No 20 in the city of Novgorod, using centralized capital investments financed from the Russian Federation republic budget.

3. The Russian Federation Ministry of the Economy, Russian Federation Ministry of Finance and Russian

Federation Ministry of Health is to provide in 1993-1995 for the allocation to the administration of Novgorod Oblast of centralized capital investments and monies from the Russian Federation republic budget for the design and construction of an oblast outpatient oncological clinic.

4. That the Russian Federation Ministry of the Economy and Russian Federation Ministry of Finance is to provide for the allocation in 1993-1994 to the administration of Novgorod Oblast from the Russian Federation republic budget of centralized capital investments and monies enabling it to put a Novgorod-Borovich micro-wave communications link into operation, taking into account the indexation of prices and rates at the time the project is financed.

5. That the Russian Federation Ministry of Finance and Russian Federation Ministry of the Economy is to provide for the allocation to the Novgorod Oblast Committee for the Management of State Property in 1992-1993 of R250 million for the purposes of implementing a program for the development of entrepreneurship.

6. That the Gazprom State Gas Concern is to take the necessary measures to put 58 kilometers of high-pressure gas pipeline and branch lines into operation on the territory of Novgorod Oblast in 1993.

7. That export duties on raw-material commodities produced in Novgorod Oblast's Sadko Free Economic Zone and supplied for export by the oblast's enterprises under regional quotas and enterprises' quotas, upon a representation by the oblast administration, are to be set in the amount of 50 percent of the level provided by the existing export tariff.

This point takes effect in accordance with the procedures defined by Article 42 of the RSFSR Law on foreign Investments in the RSFSR.

That the Russian Federation Ministry of Foreign Economic Relations, together with the Novgorod Oblast administration, is to introduce appropriate substantiations for representation to the Russian Federation Supreme Soviet.

8. That the Russian Federation Ministry of Science, Higher Schools and Technical Policy, the Russian Federation Ministry of Education and other interested ministries and departments, together with the Novgorod Oblast administration, are to prepare a draft decision on the establishment of a Novgorod State University and submit it to the Russian Federation government for approval by 1 July 1993.

9. That the Russian Federation Committee on Architecture and Construction is to provide annually for the allocation of monies for carrying out a set of related project-planning and research work connected with the preservation and restoration of the valuable historical and cultural legacy of the city of Novgorod and Novgorod Oblast.

10. That the Russian Federation Ministry of the Economy, together with the Russian Federation Ministry of Finance and the Novgorod Oblast administration, in forming the state investment program for 1993 and subsequent years, is to provide the necessary monies for financing work on the restoration of monuments and the comprehensive reconstruction of the historical zones of the oblast's cities and other communities, using Russian Federation republic budget monies.

[Signed] V. Chernomyrdin

Economy Forced 45,000 From Kola in 1992

934F0005A Moscow ROSSIYSKAYA GAZETA
in Russian 30 Jan 93 p 3

[Unattributed report: "People Leaving Kola"]

[Text] According to the Kola Scientific Center of the Russian Academy of Sciences, the cost of a monthly food ration for an adult man in December 1992 was estimated at 9,993 rubles [R]. At the same time, the minimum wage in budget-financed organizations amounted to R2,250. In the scientists' opinion, only five percent of the Murmansk Oblast population had an income that could be called decent. Last year, about 45,000 people left the Kola Peninsula.

Bashkortostan Cost of Living up 33 Times

934F0005B Moscow ROSSIYSKAYA GAZETA
in Russian 30 Jan 93 p 3

[Unattributed report: "Cost of Living Up 33.3 Times"]

[Text] This was the conclusion reached by the Bashkir Republic Statistical Administration. Over 1992, wholesale prices charged by enterprises producing industrial goods in the republic rose by a factor of 53.6. After the January price decontrol, wholesale prices in the republic increased 4.7-fold. This has led to a catastrophic price rise in all sectors. In December 1992, the sustenance level amounted to 4,053 rubles [R] per employable person; of that, R2,704 was spent on food. The average per capita income rose 14.5-fold. Thus, the population's standard of living has decreased over 1992 on average by a factor of 2.3.

MVD, Local Crime Prevention Efforts Viewed

934F0005C Moscow ROSSIYSKAYA GAZETA
in Russian 30 Jan 93 p 2

[Report by Yelena Shaposhnikova under the "A Topical Subject" rubric: "Without the Right To Shoot"]

[Text] Watching old movies about the Soviet militia, we are moved by their naivete. But it also hurts a little. Because along with their simple-hearted plots, their characters display a confidence in their own security that we, the current generation, can only dream of.

Any crime, much like a disease, is quite possible to both predict and prevent "at the early stage of development." For this purpose, the Russian MVD [Ministry of Internal Affairs] recently created a Crime Prevention Administration, which has prepared and presented for the Russian Federation Supreme Soviet's consideration a number of draft laws.

One of them is "On the Population's Participation in the Maintenance of Law and Order." It would be wrong to say that we are not familiar with this form of self-defense. Just a few years ago most of us were members of "citizen patrols" and carried this "volunteer duty" under the watchful eye of the party and the komsomol [All-Union Leninist Communist Youth League]. When the "eye" disappeared, however, so did the citizen patrols: exploited for decades, moral incentives for public participation in the maintenance of law and order, and even the "three add-on vacation days" ceased to work in the current environment of the nascent market and obvious risk.

"The snowballing rise in crime and the law enforcement organs' unpreparedness to ensure the protection of human rights and freedoms," said Anatoliy Sukhov, deputy chief of the Russian MVD's Crime Prevention Administration, "force us to look for other forms of protecting the citizens. For instance, self-defense detachments. Actually, this is a grass-roots initiative. The MVD fully supports it."

It is true—life is becoming increasingly more frightening. And keeping in mind the "militia's unpreparedness to ensure the protection of the population," what else can this very population do? Not surprisingly, some enterprises, kolkhozes, settlements, and city microrayons, armed with the experience of commercial structures, have begun to resort to hired enforcers to protect their property and safety.

For instance, in the suburban Moscow Overetskiy sovkhov, because of endless theft of cattle and fodder, the administration had to resort to setting up a self-defense detachment, and allocated 100,000 rubles [R] (in last year's prices) for its operation. Along with protecting the animal husbandry facilities, the detachment also provides night patrols, which makes the everyday life of the settlement's militia much easier.

According to the MVD data, there are currently about 37,000 such public formations in Russia.

In another suburban Moscow area, a similar detachment protects on a contract basis the dachas and garden plots in the Ilyinskaya, Bykovo, and Udelnaya settlements.

This brings up a question: Can it be that the new volunteers fight the "dark forces" barehanded? In the current crime-engendering situation, it is both dangerous and meaningless. But any weapon in the hands of public defenders probably puts them on the same footing with violators of the law. Because the self-defense detachments do not have any legal right to carry—let alone

use—arms. Many petition the MVD to issue arms to them, but the requests are denied for the same reason—there is no applicable law.

There may not be a law, but the problem itself is real. So every region resolves it its own way. The Cossack association, for instance, having been denied rifles, promised the MVD to use whips to enforce order. The result of this latest gap between real life and the law is a situation that is beyond control for any law enforcement organ: that self-defense detachments, in their pursuit of the noble goal of protecting society, may add a bit "fire" to the crime-engendering situation. After all, some will settle for whips, some—for rifles, while others will find it more comfortable to defend themselves with a machine-gun....

"That is why we propose," explained Anatoliy Sukhov, "legally to define the boundaries of duties of these organizations, their legal form, and legal protection for their members. And definitely give these detachments the legal right to use such means of defense as rubber truncheons, handcuffs, gas-discharging devices, and means of forcibly stopping automotive vehicles (spikes and spike bands)."

Well, in the thickening fog of fear, this may be one solution. After all, each self-defense detachment, having become an independent legal entity, will be able to enter any contract to ensure the safety of the population. In a village or a residential block. Or to take under protection an individual courtyard, house, playground, parking lot....and for an affordable pay guarantee our peace.

Rutskoy on Agricultural Sector, Reforms

934Q0018A Moscow SELSKAYA ZHIZN in Russian
6 Feb 93 pp 1-2

[Interview with A.V. Rutskoy, vice president of Russia, by Mikhail Sharov, first deputy editor in chief of SELSKAYA ZHIZN; place and date not given: "A.V. Rutskoy: 'I Have a Special Attitude Toward People Who Work the Land'"]

[Text]

[Sharov] Aleksandr Vladimirovich, prefacing our interview, I would like to tell you first of all that the readers of our newspaper have been paying close attention to your efforts, that they hope for changes for the better, and that they respect you greatly.

The journalists of our newspaper which, incidentally, shares your position and views on the issues of reforming the agrarian sector and supports them in every way possible, know very well why your rating in rural areas is so high: The peasants look to you as their main advocate.

Unfortunately, at present there are very few people in supreme government circles who understand the rural areas and have a feeling for them. We hear more hollow cheerfulness even from the lips of our minister for rural areas than any sort of frank and anxious discussion

about the glaring situation in the agrarian shop or the complete ruin of agriculture.

[Rutskoy] Let us begin with the attitude toward rural areas. First of all, to my mind the rural areas, the people of rural areas, and the land constitute the supreme asset of not only the state but also mankind. Why? Because the land is the provider of humanity; everything we have is created by the land. I have a special attitude toward people who work the land. These people work in a vital sector! After all, one may be left without clothing or footwear, but he will find a way out somehow. However, man cannot exist without food or medication. Besides, the bulk of raw materials for manufacturing clothing, footwear, and medicines is produced, just the same, in rural areas. This is why I have my own idea of agriculture and the people engaged in such labor, which is back-breaking under our conditions. There are sleepless nights and insane physical stress. I do not know what the stress experienced by, for example, a cattle farmer may be likened to. Perhaps to that of a pilot performing advanced aerobatics. Just try carrying around the things that devolve on the frail shoulders of women. Frequently there is no water. There is no heating. Everything is done manually. Look at what women turn into by the age of 40: Contrary to nature, they age quickly and lose their female attractiveness, their wages being minuscule, to boot. This is inhuman.

[Sharov] It will soon be one year since you were assigned to work on a reform in agriculture. I recall that they joked about it in our editorial smoking rooms: since the vice president has been installed as a rural supervisor, it means that he is in disfavor and undesirable. Such has been the Russian tradition: If someone needs to be "put in his place," they entrust him with the agrarian sector, where he will certainly "fall flat on his face" and become "pliant."

I am aware that the Program for Agrarian Reform and the Development of Agriculture in 1993 Through 1995 and Until the Year 2000, which has been prepared on your instructions, is currently being considered by the government. However, whatever else may have been missing, there has been no dearth of programs for agriculture. Meanwhile, the people must be fed today, right now.

[Rutskoy] Of course, I felt somewhat strange when I was assigned to work on agricultural issues. Why strange? You see, I have thought so all my life, and I believe that a specialist on a particular sector should handle specific issues. You know, I am a serviceman; I have three college degrees, and all of them are associated with aviation, with administrative management. I had never had anything to do with rural areas or agricultural production. However, since a decision had been made, and there was an assignment, it had to be carried out, all the more so because a vital sector was at issue.

You know from history that usually they "appointed" to the rural department those who were ultimately shunted

away because for 70 years this was a problem without a solution—we may point out in this instance the results we have now. I do not intend to interfere with immediate production operations because specialists with a high standard of training are available. I do not intend to give advice to anyone about how to increase milk or crop yields, as my predecessors have done.

My most important task is to organize the process of implementing reforms so as to get favorable results. However, as you see, I frequently have to work on current issues—planting, harvesting, wintering, and so on. A great deal of criticism has been leveled against me for allegedly recreating an administrative command system. However, thank God, we have food to eat at present; had an operational group not been established last summer we would have hardly harvested the crop at all because, indeed, to a degree we had to dictate resource deliveries and the organization of harvesting.

However, this is not the essence. Actually, what path did I take in order to gain a better grasp of the scope of my responsibilities and ways to solve agrarian problems? I engaged in studying historical records thoroughly, beginning with the abolition of serfdom. I made the year 1861 my reference point and analyzed all reforms in the pre-Soviet period, and subsequently in the Soviet period, which affected rural areas, producers of agricultural products, and the land.

Of course, it was possible to turn to the experience of the implementation of reforms in foreign states. However, I primarily wanted to view this problem through entirely different eyes, if you will, the eyes of a stranger. As a management systems specialist, I took the following path—I jotted down everything that was favorable and unfavorable in the conduct of the reforms. Thus a system was created which made it possible to conduct comparative analysis and reveal everything that had a favorable influence on the conduct of a reform. In addition, I attentively studied the experience of China in carrying out agro-industrial reforms, and that of Czechoslovakia, Hungary, and Germany. Therefore, a precise and clear-cut model emerged which is acceptable for our society.

Well, after that, a mess in relations with the government began with regard to the conduct of reforms. Why? Because the very strategy of implementing reforms in the agro-industrial complex was chosen incorrectly, categorically. You see, the market and market relations are means to an end. If the end is for the farmerization of the agro-industrial complex, and nothing but farmerization, to solve all problems with foodstuffs, and reject out of hand all positive accomplishments of the collective sector, to boot, it is just stupid. It is stupidity pure and simple, it is yet another slogan.

[Sharov] Or even a risky venture.

[Rutskoy] A risky venture pure and simple. You know, an edict of the president was signed concerning the reform of collective farms and sovkhozes, and their division into owner-operated, peasant farms. Before I

August 1992, even the deadlines were set, though I could not imagine how, in what way, all of this could be carried out. In essence, the issue was raised as follows: destroy the agro-industrial complex by way of a cavalry raid. You know, I immediately sent a telegram to all administrative organs—cease immediately. Once again, criticism was leveled against me for being against reforms, against a market economy.

You see, this is all demagoguery and twaddle. We ought to think before we do something, and not just think but proceed primarily from our own potential. Is there potential for implementing such projects?

[Sharov] Now that we are on the topic of kolkhozes, sovkhoses, and other collective entities in the rural areas, I would like to tell you that some people also classify the editorial office of our newspaper as conservative. Supposedly, our newspaper defends the so-called "agroGULAG," and has come out against the decollectivization which has been foisted on us from on high. However, we support and defend genuine rather than "phony" farmers with the same persistence, subscribing to the principle that "all forms of economic operations are good, except ineffective ones." Now that the time of romanticism and euphoria in the farmers' movement is coming to an end, what would you say about this selfless endeavor?

[Rutskoy] Some farmers take offense at me. I tell them: You have simply been cheated. Let us count, say, on the basis of 180,000 owner-operated farms currently in existence. Given today's prices, between 30 and 40 million rubles [R], or even R50 million, is required per farm in order to organize production for the market. Housing, a shop, a storage facility have to be built, and then there is machinery, seeds, fertilizer, livestock... Let us accordingly multiply 50 million by 180,000—R9 trillion will result. Does the state have these funds? No. Then why go through the motions? Why was arable land taken away from highly profitable farms? Why were their grazing grounds taken away? Let us look at how this land is worked, what the attitude toward it is. Everything needs to be calculated and thought through. This is why a completely different path should have been taken.

Indeed, the existing forms are not in line with world practices and world standards. I am in favor of private property. However, let us convert the farms to joint-stock operations first, so that every employee will have a right to own assets, to receive the money he has earned. A completely different approach to this should exist, that is, a class of owners should be created out of the working people rather than out of idlers, rogues, and speculators, which is what we are now successfully doing in this regard. As far as the working people are concerned, they had nothing before, and they still have nothing now. They had nothing under the old system of power, nor do they have anything at all under this system of power.

The situation has even deteriorated to a degree. If we look at the construction of social infrastructure facilities

in rural areas, fulfillment as a percentage of total volume stands at 12. So, what has improved? Where is the amount of goods and foodstuffs which was supposed to show up on store shelves? They are not there. This is why I proposed a completely different approach to the implementation of land reform; it was reflected in the program which you mentioned. A collegiate organ was created. I tapped for it the scientific establishment and public organizations. Members of parliament and the government worked together with us—this is collective labor, collective intelligence. What view did we take of this whole problem?

Let us draw a linear dependency. Agriculture means people, land, and means of production. We invest energy, resources, and funds, and get a certain sum total in terms of produced agricultural output. Then we see that of this sum total we lose between 36 and 58 percent of agricultural output produced, that is to say, this amount of products does not reach the consumer's table. Furthermore, what volume of grain do we purchase abroad? We drain our energy and raw material resources, sell abroad, purchase, eat, and then again we have the zero option. There are hundreds of intermediate structures between the producer of agricultural goods and the consumer. This is where the price is jacked up. Rural producers receive 30-40 percent of the price at which the product is sold. Where do the remaining 60, or as the case may be, 70 percent, go?

Therefore, what is the sense of the reform? And what is its main goal?

The adequate output of foodstuffs at prices affordable to the population is the first and most important objective. The second objective is to create decent living and working conditions in rural areas. The just receipt of profits by those who manufacture the product is the third objective. These are the three main principles, the main objectives of the implementation of land and agro-industrial reforms. Redistributing land does not amount to reform; pulling farms apart does not amount to reform. Ensuring regular production and living conditions for the people is precisely what the reform is about.

Funds are necessary to carry out any reform, be it agricultural or any other. We are now saying that we are creating new economic relations in society, and that the economy should be multisectoral: There should be state property, mixed—state and joint-stock—property, collective property, and private property. There should be farmers' and peasants' farms. However, funds should be allocated in order to create them. People cannot go out and steal: Nobody gives them credit, or it is given at insane interest rates. If we had looked at all these problems in terms of linear dependency and analyzed them, first of all, before talking about reforms, we should have studied most attentively the reasons for which we have driven agriculture into the ground. Subsequently, we should have looked carefully at our own financial and resource potential and set priorities for carrying out reforms: what is needed first, second, and third. We

should have made appropriate arrangements for implementation, and ensured control over the conduct of the reform, because not all the people have the same consciousness, not all officials have the same understanding. I have just talked on the telephone with Minister of the Economy Nechayev. Sabotage—pure and simple—of the construction of a sugar plant in Stavropol Kray is underway. They do not have resources, you see. I told him that I will show him what they do with resources at a meeting of the interdepartmental commission for fighting crime and corruption. This is why there ought to be an approach which is comprehensible not only to the leadership in Moscow but also to people who live in rural areas. It is not a revolution, a cavalry charge, that is needed now but rather an evolution of consciousness. Precise, clear-cut, consistent, and gradual actions are needed.

[Sharov] Aleksandr Vladimirovich, of all the public statements I remember best your first presentation at the Seventh Congress of People's Deputies of Russia. The readers of our newspaper certainly remember it, too. Tell us whether anything is changing for the better, or is it our destiny to assist foreign agriculture only? Look, planted areas are being reduced in our country, millions of head of cattle and poultry are being slaughtered.

[Rutskoy] In responding to the question I will take you back to linear dependency once again. We have been talking about funds to carry out reforms. They are available here, in rural areas; the rural worker generates these funds himself, and he should be the one to receive them. This means that, first of all, arrangements should be made for these funds to return to the rural areas. On that occasion, at the Congress, I referred to the volume which we produce and lose, the volume of agricultural products we purchase abroad. In this manner we have developed the agricultural sector of Europe, Canada, and the United States to levels of overproduction, instead of developing our own agriculture. After all, it is simple as can be to sell oil and buy meat, to sell gold and buy wheat with this gold, while we lose all this at home. This is why we should first of all take the path of the first stage—reducing the percentage of loss. As we reduce losses, we correspondingly reduce imports of foodstuffs and free up foreign exchange. What should it be allocated for? It should be allocated for land and agro-industrial reforms. Furthermore, as we reduce the percentage of loss, we increase the volume of goods in the trade sector. As we sell these goods, we generate additional profits. These funds should, once again, be allocated for land and agro-industrial reforms.

By what means may losses be reduced? By means of developing small and medium-size means for the processing of agricultural products. I am not saying that all large processing enterprises should be closed. They should be retrofitted and retooled. However, a system of small and medium-size complexes for the processing of agricultural products should be created in poorly accessible regions where such losses mainly occur. On my initiative this type of production has been created with

the use of the facilities of the military-industrial complex. For one and a half years now I have been unable to shake loose the credit to begin the mass production of dairy plant processing between four and 40 tonnes, meat-packing plant processing from one tonne to 10 tonnes per shift, vegetable plants, and other enterprises. We developed the full range of processing technologies for small and medium volumes. I am now flying to Nizhniy Novgorod, to the Burevestnik Scientific Research Institute; they have designed a system for obtaining protein, producing baby foods, and vacuum grain grinding. That is to say, we do have the technologies; it is necessary to mass produce them. However, I just cannot obtain funding for this purpose.

So, we receive enormous additional funds by reducing the rate of loss. Now let us look further. If we reduce the rate of loss and thus solve the problem of foodstuffs, the volume of land use is reduced, as well as the volume of energy resources, financing, engine operation, and so on. This means that a certain sum is also freed up. So, if all this is totaled up, we will end up with released funds in the amount of R4.5 trillion rubles, no more and no less (appropriately, in today's prices). So, these very released funds are allocated yet again to perfect processing, packing, and storage technologies, as well as for the social infrastructure of rural areas and the development of new forms of economic operations, the creation of the already mentioned owner-operated, peasant farms. There it is. It would suffice to set this mechanism in motion, give it an impetus, and it will work. This is the mechanism which we are building into the proposed program.

I understand that readers and rural residents might say: And what have you been doing before? It is quite legitimate to raise this issue. However, I was not preparing to solve rural problems ahead of time; after all, I needed time primarily to figure everything out. I have figured it out thoroughly, and by now we have prepared an entire package of documents, including those concerning the creation of land banks. I will tell you what this is conceived of as being because this concept is also being distorted.

[Sharov] Incidentally, Aleksandr Vladimirovich, this question is also frequently asked in letters from our readers...

[Rutskoy] State/joint-stock land banks should operate in the interests of agricultural producers, so that 85-90 percent of profits will not be taken away from them, so that the producers will keep it, so that there will be regular management of land holdings, so that there will be a humane attitude toward the land that provides. Everything should be put in proper perspective. This is why here it is, the entire design for carrying out the reform. When this mechanism works, we receive additional funds and proceed toward the goal step by step. Even a common cowherd should comprehend this.

The democratic reform coalition is proposing to submit the issue of private ownership of land to a referendum. However, gentlemen, open the Constitution, Article 12—here is the right to private ownership of land. Readers who are conversant with big-time games do not know that the objective here is different—anything to politicize our society, anything to create unbearable situations and thus wreck the state.

[Sharov] Aleksandr Vladimirovich, you said correctly that even common working people in rural areas understand this program. However, why did, for example, the former members of the government fail to understand this program, along with those who remain in the current government?

[Rutskoy] There is a rule in arithmetic—the transposition of components does not change the total; this is why they did not reflect the interests of the people previously and did strange things, just like they continue to believe that the interests of the people and the tasks of the government are different things.

[Sharov] However, several days ago our newspaper published a government decree on emergency measures to support the rural areas financially. We received this with enthusiasm.

[Rutskoy] This is a much needed decree, and we fought for three months to ensure it. However, I can show you dozens of government decrees right away which are not being carried out. Last year funding for agriculture came to only 30 percent of the plan, though it appeared that the necessary decrees were issued in a timely manner. All of this is due to the fact that a mechanism for monitoring execution and demand is lacking. Everybody believes that democracy means that he does what he sees fit. No! Democracy is law, the law before which all are equal! If a particular government decree is issued, it should definitely be carried out. If it is not being carried out, then people who have been entrusted with executing it should be held accountable accordingly. You know what has happened to a very good decree of the Second Extraordinary Congress of People's Deputies on problems of rural areas.

[Sharov] However, the kind of decrees which the government passes is also an issue. In this regard, I will remind you that one year ago, when the first menacing circular letters concerning deadlines for dissolving kolkhozes and sovkhozes were published, rural areas gave these documents a plainly hostile reception, and rejected the command from above out of hand. As you see it, why did the peasantry respond this way?

[Rutskoy] Pardon me, this may be somewhat rude, but there are no fools among those who live on the land and farm it. They are regular people. They understand well that a bulldozer is not suitable for clearing obstructions in rural areas, all the more so because at issue is the fate of rural residents. After all, the most conscientious people remain in rural areas—the attitude toward them notwithstanding! Do you recall this: There were

"Checks-90," and they were cheated, though in this case there was a government decree, too. All the funds were plundered, but the Ministry of Security and the Ministry of Internal Affairs threw up their hands: "What could we do?" If so, why do they exist at all, given that 40,000 people work on the central staff of the Ministry of Security alone? Later it was promised that equipment and machinery at appropriate prices, both as counter-trade and for deliveries above the plan, would be allocated. They were cheated. We should kneel before these people! Why? Because they are cheated all the time, but they still continue to feed the population, whether well or not so well. This is why I have most profound respect for the peasantry. Look at how grain deliveries to the state were executed. And what did they get in return? Meanwhile, there was a joint agreement of the government, the trade union, and the agrarian union. What about it? Has it been complied with? This is the issue.

[Sharov] Your aide Nikolay Petrovich Radugin familiarized me with the results of 1992. Such "success" in the agrarian economy makes one's head spin. The deficit of funds in rural areas goes into hundreds of millions of rubles.

[Rutskoy] Indeed, I am also familiar with these statistics and the results of the year. However, I have already pointed out how the statistic of R4.5 trillion may be ensured. This is not the only reserve. At present, the privatization of grocery stores and food and processing enterprises is underway. This is no privatization. Give these stores free of charge to the kolkhozes and sovkhozes which produce agricultural output, and assign the stores to them so that kolkhoz farmers will not stay in the cold at markets or pay middlemen but rather take their potatoes and their meat to their stores themselves, and sell them to people at other than speculative prices. Because villagers will not fleece the working people. The villagers will not fleece them! It will be enough for the villagers to secure profit margins of even 30 percent. They will say: It is enough for us!

But no, it turns out that it is advantageous for someone to auction off the stores. Who is going to buy them at auctions? Me? I cannot buy them, despite being the most highly paid person in the state, to be sure, next to the president and chairman of the Supreme Soviet. I cannot buy them. Given this, who does buy these stores? I may surmise who, and you perhaps also surmise. What is the result? There was a meat store, but now it sells artificial fur coats... There was a bakery, and now it sells alcoholic beverages of unknown provenance and origin. What is going on?

Imagine that you are a kolkhoz chairman. You have a store. You produce milk, meat, vegetables, and so on. Where will the profits go? To the farm. Everything will be fresh, and the salespeople will be, once again, yours. They will be interested in sales because they are from the farm themselves. This is a regular, civilized competition against one another. If meat in this store is frozen or low quality, hardly anyone will buy it if fresh meat is for sale

around the corner. Here they are, civilized, market-based economic relations. However, nobody would even listen to this. For many years stores were built with the money of the people, the taxpayers, and now speculators will get them. How is this fair?

Furthermore, how many times has it been said and argued that it would be fair to make it so that controlling shares are held by the producers of agricultural goods rather than the processors. They will produce, process, and share the profit, instead of the way it is now: A cowherd makes R3,000 a month, workers at the meat processing plant—R30,000. They put in a shift at the meat processing plant and go home, whereas the cowherd has concerns around the clock: Each calf needs to be looked after, fed, given water, and so on. People fatten these calves for a whole year, and get peanuts, whereas those who make ground meat and sausage from this meat receive 10 times more. Is this fair? Meat is subsequently delivered to warehouses where workers also wish to get what is theirs. It is taken to stores, and there is the trade markup of 25 percent. What kind of attitude is this? Where are the incentives for the goods producers?

We are talking about liberalization and unrestricted prices. We have decontrolled prices for equipment, fertilizer, consumer goods, construction materials, and so on. Meanwhile, we have been reining in prices for agricultural products. What kind of market is this?

[Sharov] I would like to revisit the 1992 results yet again. Prices for manufactured goods, construction needs, fertilizer, mixed feed, and all services for rural areas increased by factors of 20 to 30, and prices for agricultural output by a factor of 10. However, it would appear that we should have learned from bitter experience: When rural areas act as a donor for the entire society, the latter suffers more than the rural areas. Could it be that we should have understood by now that if we save the rural areas, we will all be saved? Incidentally, this is the leading theme of our newspaper.

[Rutskoy] Recently we visited the imeni Likhachev plant and viewed new models of equipment for rural areas. A worker aged about 58 or 60 walked up to me. He said: "Aleksandr Vladimirovich, never mind that machine. You know, I have a request: We will be patient, but you get rural areas going. How much longer can we go begging and hope for humanitarian assistance? Besides, it is a shame for us to buy potatoes in Poland, cucumbers in Bulgaria, and sugar in Cuba while our own wares perish." It is just great that a working man allies himself with the peasantry and comprehends the situation. However, it would be better if those who manage funding understood this burning issue.

We have prepared a database on the production of agricultural output and the status of storage and processing. Everything has been calculated for each oblast, kray, or republic. When the volumes of production and volumes of consumption are summed up, the former are 1.5 times greater than the latter. Meanwhile, instead of

reducing losses to a minimum and thus providing foodstuffs to the people, we have begun to fool around: the reorganization of kolkhozes and sovkhoses, privatization, farmerization, decollectivization. All of this is demagoguery. We need to reckon with the opinion of the people, and first of all ensure humane living and working conditions in the rural areas and offer the villagers reasonable forms of operations. Why does a cooperative system of agricultural production function successfully in Germany and Czecho-Slovakia? Even in the States, I asked this question: "Do separate farms exist in your country?" They said: "Not really. Five or six of them, or more form associations: for the delivery of fuel, spare parts, harvesting and processing." I tell our "reformers": Explain this to me. So, I take five owner-operated farms. Each owner-operated farm—is it private property? Yes, private property. Later, what if they form an association, and have joint processing, joint storage, fuel, and supplies of spare parts? As a whole, what is it? Are these not kolkhozes? So, let us take a serious view of this problem and not break up farms unnecessarily. There is no way we will do without this; after all, equipment and tractor stations are needed anyway. It is just that every farmer cannot repair and service his equipment himself; he needs an equipment and tractor station. Each farmer cannot erect a processing plant. However, this may be done for 10 to 15 farmers. Is this correct? Then let us follow a civilized path! But no, we must first ruin everything entirely and create difficulties for ourselves in order to successfully overcome them later. It is most vexing that agrarian specialists also do that.

[Sharov] These are not rural but rather society specialists...

[Rutskoy] A regular system for redistribution and management should be created. If we have set priorities, funding should be allocated for each one. We should monitor their use as appropriate. We should see how the mechanism works while we control it and perfect it time after time. However, there is no such system.

Now let us look further. Look at what is happening. The state allocates subsidies to rural areas, and they are distributed through commercial banks. What does it mean to delay payments for three months? I will now give you a loan at a 100-percent interest rate; so, I jack it up correspondingly and get interest. Meanwhile, the rural areas suffer colossal losses. This system alone undermines the agro-industrial complex economically. The attitude toward land holdings is the second trip-up. Land is squandered insanely, also for bribes. Nobody is held accountable for this. Recently I learned that a local administration resolved to allocate for dachas 1,300 hectares of arable land on a kolkhoz in the vicinity of Moscow. I told them: What are you doing? Let us see how much land unsuitable for cultivation, ravines, and hills you have. It is even more interesting to build dachas there, with different levels.

I am profoundly convinced that a system of state/joint-stock land banks is needed. Our ancestors were not

all that stupid. Do you think Petr Arkadevich Stolypin was stupid? No! What does the system of land banks accomplish? First, it creates a regular system for accumulating financial resources within the agro-industrial complex, from rayons to the center—rayon state/joint-stock banks, oblast banks, and so on. Producers of agricultural goods and users of land, rather than mafia structures of some kind, will be shareholders in such banks. For example, there are 15 farms in a rayon, and all of them are shareholders in this bank. This means that all financial operations, loans, and payments proceed under the control of the producers of goods because they make decisions to extend loans, credit, and so on, and so forth. After all, money will be circulating, and the shareholders will also receive interest. All of this will remain there, in the rural areas.

They are now saying that Rutskoy wants to take a land census. Indeed, we need to determine who has land, who owns it, and on what grounds. How did they get this land? As far as kolkhozes and sovkhoses are concerned, nobody intends to take away their land. A census will be taken, the volume of land holdings will be determined. On this basis a special paper will be issued, a valuable certificate of the right to own land. Directly on the farm itself, each member of the farm will also be allocated his standard share and a security—the certificate. In this case, the property rights of a collective and of a private individual are protected, all the way to international law.

Using this security, a kolkhoz, sovkhos, cooperative, farmstead, or peasant farm may take out a loan on credit, furnishing as collateral their own security certifying ownership rights to land. Does this instill discipline in a person who knows that credit must be paid back? Definitely. A state/joint-stock bank, in which the producers of agricultural goods are shareholders, will be able to monitor the propriety of the use of such credit. It will not allow such credit to be used in some kind of speculative deal, for example: You receive the money, purchase wheat, deliver it to a wine and vodka plant, get vodka from the plant, resell it, and ensure a profit margin close to 1,000 percent. Why should a "merchant" of this kind work the land?

This is why we propose a clear-cut and precise mechanism which is comprehensible to all. I know that this bank will effect payments and settlements with suppliers and consumers. This money will not be siphoned off anywhere. If I pay the land tax, this tax goes to the bank. If I pay the tax on the output produced, the money, once again, goes to this bank. The bank operates in the interests of the agro-industrial complex. I have been fighting for almost a year to establish such state/joint-stock land banks, but this has not gotten off the ground. On occasion they try to convince me: "Aleksandr Vladimirovich, there is no reason for you to say that this is done deliberately. If such proposals are sabotaged, you prove to me that this is not done deliberately! I fly to an oblast, to a rayon, get together brigade leaders, common workers, and draw everything on a blackboard for them in detail. When I finish, I ask for a

show of hands by those who are "in favor" and "against" it. Nobody is against. All they say is: "Aleksandr Vladimirovich, when will it be like that?" This is what it is about.

[Sharov] Here is yet another big and very painful issue for rural areas. You know that social, cultural, and service facilities have now been removed from the jurisdiction of collective farms; all this should be transferred to the balance sheets of rural soviets. The goal of not having the social, cultural, and service facilities—schools, clubs, libraries, day-care centers, comprehensive procurement centers, and housing, too—hanging like a millstone around the necks of kolkhozes and sovkhoses appears good. However, it so happens that all this has been removed from the kolkhozes and sovkhoses, but the soviets have no money. A horrible situation has developed: day-care centers, clubs, and libraries are being closed. This is happening where book collections were minuscule to begin with; innovations reach the rural areas last. Where are we headed? We are urging the rural areas on toward degradation and spiritual degeneration, and not at all toward revival.

[Rutskoy] I also raised this issue at one time. Cultural and educational facilities should not have been transferred to rural soviets. They do not have the funds, and for now there are no arrangements for raising these funds. However, there will be such arrangements if, once again, we have land banks, because the shareholders—producers of agricultural goods will make withholdings for the maintenance of the social services sector. Do you understand? And in the volume corresponding to the number of workers, children, families, etc. that they have. That is, in this instance we will also solve the issue of social needs. A system of retirement benefits may also be implemented through the land banks. In a word, a precise and clear-cut structure is emerging which stimulates the agro-industrial complex and works to benefit it. Also, the arrangement in effect is not administrative or command-based, but rather financial and economic. I transfer the funds, and I have no headaches; from now on, this is the task of the land bank. The manager of a day-care center or a school director receives from the land bank the funds required to meet the needs of upbringing and education, the manager of a club receives funds for cultural needs. That is to say, collective management emerges, as well as a precise and clear-cut financial system within which it may be monitored where the funds go and for what they are used. The longer this system exists the more financing it accumulates, because it operates on the basis of interest, and the sooner the social needs of rural areas are met. Everything is as precise and clear-cut as it can be. However, they are not taking this path, though I did speak twice on this topic at government meetings. At present the social services sector in the rural areas is being utterly ruined.

[Sharov] One of Mao Zedong's action principles was: To straighten something out you need to bend it the other way. So, we also appear to be trying to straighten things

out. However, we are bending the other way to such a degree that we will ruin everything.

[Rutskoy] In the military they have a very good pattern for action. This is an ideal formula, and I always refer to it. The first point is to grasp the task: What do we want? Next, an assessment of the situation in the course of accomplishing this task, that is, this is possible but that is not. We take this from here, and that from there. A decision is made on the basis of an assessment of the situation: How are we going to do this, and in what sequence, that is, arrangements for implementing the decision are determined. Since there are arrangements for implementing the decision, it is necessary to monitor the execution of this decision. Here is a pattern of action for you. We will mark time indefinitely, until such time as all management structures at all levels learn to operate on this pattern.

I always give the following example. When you build stairs, you begin with the first step. Then you fit the second step onto it, and then the third... However, what will your attitude be toward someone who begins to build stairs from the top step? You would say he is sick. So, we are sick. We are building this very top step, which is called a market economy, with neither a pillar, nor an assessment of the situation, nor an accounting for our potential, nor calculations of the distribution of resources for solving this task. We do not have any of that. We do have the Ministry of the Economy. How many people do you think work there?

[Sharov] Well, perhaps, about 1,000 people...

[Rutskoy] No, 1,800 people in the Ministry of the Economy alone. I asked Nechayev today: "Andrey Alekseyevich, tell me, which project have you implemented in the agro-industrial complex during the 14 months that you have headed your department." He did not say anything. I said: "Zero." However, when it comes to sabotaging decisions, this is not a problem. The administration of Stavropol Kray undertook to build a sugar plant. V.S. Chernomyrdin wrote a resolution: Prepare a draft decree within two days. One month has now passed. And here we are. And we are still talking about things. Basic discipline is lacking, plain conscience is lacking. Conscience is not a category that anybody can master.

[Sharov] Aleksandr Vladimirovich, you head a headquarters for combating crime and corruption. I think that you know better than I do that corruption has now penetrated into the agro-industrial complex, the rural areas, too.

[Rutskoy] You know, this topic makes me the most anxious. Corruption is becoming a threat to the state. I will give you the following example. At one time, they created a structure named Soyuz. They signed a contract with the Dutch company Sebeko [as transliterated] for the purchase of seed potatoes for \$80 million (to be sure, they are looking for this contract, and they just cannot find it). It turns out we do not have seed potatoes. They

assigned a quota to Soyuz for the sale of raw materials, gave it government guarantees, and allowed it to keep foreign exchange funds abroad. Questions are now coming up: Who received the seed potatoes, and how much? Where did these seed potatoes go? Were they imported at all? Squandering energy materials is a pursuit that has already been mastered. If that were not enough, they have to reach into the agro-industrial complex in order to steal everything there.

Apparently we have the Ministry of Security and the Ministry of Internal Affairs, but there are absolutely no actions. To be sure, they show this on TV: A large criminal group has been apprehended; property and funds worth R4 million have been sequestered. I tell them: There is no need for any investigation. I have documents, here they are; look, it was not R4 million but rather \$80 million, \$15 million. They pulled off a transaction involving meat procurement, and pocketed \$13.5 million.

[Sharov] This is happening at a time when our own warehouses are packed, and cattle is not being purchased from farms and farmers, due to which they suffer tremendous losses. Meanwhile, we bring in meat from abroad. This is plain economic sabotage.

[Rutskoy] No, this is not sabotage. There is another name for this because if we do not bring in meat from abroad, nothing will be pocketed. Take the volume of purchased grain and \$20 to \$30 per tonne, and multiply it by 25 million tonnes.

[Sharov] Look at what is going on at the local level, Aleksandr Vladimirovich! Under the guise of farms, the new state nomenklatura is giving land to sons-in-law, mothers-in-law, aunts, and nephews. They do not even know about their parcels: kolkhozes will plow, plant, and harvest for them. However, grain will be poured onto a separate heap. Tremendous money is being extracted. Our rural workers once again get the short end of it. What are they to do—become hired farm hands?..

[Rutskoy] I will tell you that you just do not have any idea what is going on here. All my safes are now packed with documents. Hundreds of lawsuits may now be brought. We have created such economic relations in society that they are, actually, the nutritive medium for a crime-inducing situation.

[Sharov] There is one more painful question which is frequently asked in letters from our readers: "Why is the fate of rural areas decided by people on asphalt?" When will we finally begin to listen to and hear from the rural areas themselves, their hopes and expectations?

[Rutskoy] You are already looking at one who listens. I listen. Such is my principle. I have already warned many times: Think better of it; what are you doing to the rural areas? A tractor used to cost thousands, now it costs hundreds of thousands. So, how can villagers fail to raise the issue of increasing prices for their own products! Tell them how to live and work when there is nothing to buy,

say, a tractor with. Talk to the people, listen to what they want, and give them an opportunity to carry this out. Then you have the moral right to hold them accountable. Meanwhile, many wish to hold them accountable, but there are none who wish to help them and to organize. You see, there are none. Sure, throwing a wrench in the works and failing to allocate funding is no problem. You mentioned my presentation at the last Congress. I was forced to take this to the Congress. We have created a great many projects, and have lined up a great deal of foreign investment into the creation of joint production facilities! They have failed to allocate a single kopek in the entire year.

[Sharov] We had very many letters and calls to support you after this presentation because this indeed was the most protective presentation on behalf of our long-suffering rural areas.

[Rutskoy] I referred to facts concerning the number of processing enterprises which could be built with funds spent to purchase random goods. Even now, I would like to address the population and say: Friends, tighten your belts; we will invest these proceeds from export in the agro-industrial complex; half a year or a year from now you will recoup all of that. The question is: Why did they buy \$104 million worth of apples and pears while in Orel Oblast the entire apple crop perished?

[Sharov] In Lipetsk Oblast apples are still hanging on the trees in the orchards, frozen apples, to be sure...

[Rutskoy] We are purchasing sunflower oil, but we have failed to harvest sunflowers in Rostov Oblast and Stavropol Kray. We ship sunflower seeds abroad; over there, they produce oil, and later we buy this oil for an arm and a leg. Then we also buy oilseed cake. You see, this is a plainly criminal economic policy. It is criminal. A criminal economic policy creates a criminal society. This is all there is to it. However, there is a limit to patience.

Let us open an encyclopedic dictionary and see what reform is. Reform is a path toward improvement. However, at present Russia is a one-way street: they press on, export and sell everything, but virtually nothing comes back. Here is the result: Ninety percent of the population is below the poverty line, and 10 percent have it made. Here is our reform for you.

[Sharov] Aleksandr Vladimirovich, I can imagine the uproar in the press after these words. Are you not afraid?

[Rutskoy] I am not, though some people do suggest to me that it is time to resign. I will not resign. I have never run away from the battlefield. It may get worse, but I still will not leave. Why? Because, pardon me, at present I am at least a disturber of the peace of sorts, I make the leaders of the state think at least somewhat.

[Sharov] Indeed, ours has turned out to be an interesting conversation, Aleksandr Vladimirovich. Besides, our conversation has become too long. I feel that I am taking

too much of your time. This is why, with your permission, I would like to say in summation that on 27 March our newspaper will turn 75. Unlike some others, the newspaper has not lost its identity; we still have a very high circulation. We would very much like you to attend our anniversary.

[Rutskoy] I do not want to separate the newspaper from the agro-industrial complex, from the villagers, because they constitute a single organism. This is what distinguishes your newspaper. It lives the life of the people, the life of the working people.

Only one thing can save us now—a policy of national accord, respect for one another, and a respectful attitude toward the working people. If we act and proceed accordingly, we will build a just, civilized society, a society in which he who works well lives well. This is what your fellow journalists should write about more often.

[Sharov] Thank you for the interview.

Khlystun Heralds Agriculture Anticrisis Decree

*PM2801145793 Moscow ROSSIYSKIYE VESTI
in Russian 28 Jan 93 p 3*

[Unattributed report under the "Drafts Undergo Expert Analysis" rubric: "Government Intends To Halt Crisis in Agro-Industrial Complex"]

[Text] Russian Federation Minister of Agriculture and Food Viktor Khlystun has reported that a government decree on urgent measures to overcome the crisis in the country's agro-industrial complex and stabilize food production in 1993 will be adopted in the very near future.

The draft decree notably envisages that Russia import 18 million tonnes of forage grain (a considerable increase on earlier intentions) by August 1993 and compensate producers for 30 percent of the cost of acquiring grain- and feed-harvesting combines, mineral fertilizers, and chemical plant-protection agents.

Under the draft decree agro-industrial complex enterprises could also, according to the minister, receive "in full and at regulated prices" the material and technical resources necessary to carry out spring field and harvesting work.

The document also envisages the introduction of a fixed correlation between purchase and retail prices for agricultural products to eliminate the unjustified "jacking up" of prices in the processing industry, Khlystun reported.

Food, Goods Production Decline Analyzed

*934K0185B Moscow ARGUMENTY I FAKTY
in Russian No 5, Feb 93 p 3*

[Interview with N. Smetanin, head of the consumer complex of the Russian Ministry of Economics, by T.

Korostikova, under the "Developed Countries Protecting Their Goods Producers" rubric; place and date not given: "Looking Out For Ourselves"]

[Text] No matter how we are moved by the bright labels of foreign goods, we need domestic products more. We are talking about survival. In destroying those sectors which produce tights, towels, saucepans, and soap, we not only deprive ourselves of our own goods, but we deny ourselves jobs as well. Unless extraordinary measures are adopted, there can be only one result—Russia will quite soon turn into a raw-materials appendage of the developed countries. Unfortunately, we have already traveled a great distance along this path.

N. Smetanin, head of the consumer complex of the Russian Ministry of Economics, analyzes the situation and prospects for the future.

[Smetanin] As compared with the maximum level (each product reached its "ceiling"), in 1992 production of milk dropped 16 percent, meat—19 percent, light industry products—from 33 to 43 percent, footwear—47 percent, and television sets—24 percent.

Consumption of meat (in comparison with the maximum level) was reduced to 81 percent, milk and milk products—to 75 percent, vegetables—to 84 percent, fish and fish products—to 56 percent.

So this is how we came into 1993. In discussing the results, we cannot ignore prices. For the absolute majority of food products, we see growth by a factor of 100-150 (as compared with first quarter 1991). For footwear—of 100 or more. For fabrics and clothing, the growth is less.

[Korostikova] And what awaits us in 1993?

[Smetanin] Let us begin with livestock products. Further production decreases are inevitable here, since lesser amounts of feed were laid in store in 1992.

Lesser amounts of winter crops were sown. Less land was plowed in autumn for spring sowing. Because of the high prices, peasants have started using less of mineral fertilizers.

For products in light industry. The 1992 program was very weakly supported with raw materials. The absence of hard currency was felt, and the fact that, after the collapse of the USSR, a great deal of what is necessary for production remains outside of Russia. Russia supplied 100 percent of its cotton, 50 percent of its flax fiber, 40 percent of its wool, and 80 percent of its synthetic fiber from foreign countries near and far.

The same kind of situation is taking shape for 1993. True, there is some optimism by virtue of the fact that relations with foreign countries in close proximity to us are gradually becoming adjusted and horizontal ties have become established here and there. But the drop in production will continue all the same. We predict that it will be by 10 percent (in 1992 it was 20 percent).

[Korostikova] In an interview you gave ARGUMENTY I FAKTY a year ago, you predicted a decline of eight percent. But even then it was clear that there were no raw materials and no hard currency, and that economic ties were severed. What were you counting on?

[Smetanin] On state support. Without it, the consumer sector will not be able to survive in the transition period. And necessary measures for 1992 were envisaged—but were not implemented. They also appear in the draft budget for 1993. We have credits on preferential terms for producers of consumer goods, allocation of resources for purchasing a critical mass of materials and raw materials. There is also the conclusion of intergovernmental agreements with the foreign countries close to us, where deliveries of materials and raw materials are envisaged.

Furthermore. We must invest greater resources in development of the consumer complex. A trend has been seen in the past two years to destroy already created potential. The departure of production capacities for certain products has begun to exceed the introduction of new capacities.

Right now we are losing consumer product sectors at enterprises not related to light industry. These produced 50 percent of the cultural and domestic products. And they are the first ones to come "under the knife" if an enterprise curtails production. But at the same time we are not creating new, specialized capacities—there are no funds.

The production of goods must be made attractive and advantageous, so that capital and labor force come here. This is only possible when an entrepreneur receives more profit from his invested ruble than in other spheres. In other words, we need to expand tax and other benefits for goods producers, regardless of their form of ownership. Incidentally, in 1991 more than 80 economic incentives and benefits were in effect to encourage production of the majority of nonfood products. Therefore, in this already crisis year we have not seen a drop in most of these goods.

These proposals are presently being examined in the government. If they are implemented, we will perhaps see better production than what we predict.

Decree on Export-Import of Agricultural Chemicals

935D0251A Moscow ROSSIYSKAYA GAZETA
in Russian 2 Feb 93 p 5

[Russian Federation Government Decree No 60, issued 25 January 1993, Moscow: "On Organization of Export-Import Shipments of Products To Meet State Need in 1993 With the Objective of Ensuring the Supply of Agricultural Chemicals"]

[Text] For the purpose of ensuring a supply of agricultural chemicals in 1993 the Russian Federation Council of Ministers and Government hereby decrees:

1. that the Russian Federation Ministry of Foreign Economic Relations shall transfer to the Russian Agrochemical Company [Rossiyskaya agrokhimicheskaya kompaniya] the authority to act as state contractor in regard to export shipments for the purpose of meeting state needs in 1993 in an amount and assortment pursuant to the attachment, as well as in regard to the purchase of goods to meet state needs pursuant to Paragraph 4 of this decree.

2. that export of products to meet state needs is to be carried out on a priority basis. Shipment of products for export on the basis of enterprises' quotas is to be carried out by those enterprises in accordance with the stipulations of a state contract.

3. that the Russian Federation Ministry of Finance shall allocate necessary budget funds in 1993 at the request of the Russian Agrochemical Company.

4. that foreign currency revenues received from the export of products to meet state needs shall in accordance with this decree be paid into a special blocked account in the name of the Russian Agrochemical Company with the Russian Federation Foreign Trade Bank, minus cargo fees, port services, rail charges and overhead in connection with foreign trade operations, with these funds to be used under the supervision of the Russian Federation Ministry of Finance to purchase chemical means of plant protection and raw materials for the manufacture thereof, to reimburse debts to the state for previously purchased raw materials, processed materials, spare parts and equipment for manufacturing enterprises supplying items to meet state needs, on the basis of orders placed by them and subject to approval by the Russian Agrochemical Company and the Russian Federation Committee on Chemical and Petrochemical Industry, the Russian Federation Ministry of Agriculture and the Russian Federation Ministry of Economics.

5. that the Russian Federation Committee on Price Policy and the Russian Federation Ministry of Finance shall within one week's time establish a procedure for setting prices for products purchased by the Russian Agrochemical Company on the domestic market for export purposes to meet state needs, as well as products purchased as imports for supply to Russian customers in accordance with this decree.

6. that export-import shipments of any product carried out pursuant to this decree shall not be subject to customs duties.

7. that the Russian Federation Ministry of Economics, the Russian Federation Ministry of Foreign Economic Relations and the Russian Federation Committee on Chemical and Petrochemical Industry shall analyze all previously issued 1993 export permits for the items indicated in the attachment to this decree and prevent

the allocation of additional quotas in the event of failure to make deliveries to meet state needs, lack of available resources or unfavorable conditions in foreign markets.

[Signed] V. Chernomyrdin, Council of Ministers chairman, Government of the Russian Federation

(Note: The aforementioned attachment to this decree sets the following quotas for export of products to meet state needs in 1993 (in thousands of tonnes): apatite concentrate—100; ammonia—1,700; methanol—402; nitrogen fertilizer (100 percent N)—856; potassium fertilizer (100 percent K_2O)—1,168; phosphate fertilizer (100 percent P_2O_5)—225.)

Development of Skilled Labor 'Exports' Surveyed

93AC0768A Moscow KOMMERSANT in Russian No 1, 4-10 Jan 93 p 7

[Article by Leonid Bogdanov, Andrey Shnarov, Boris Skorobogatko, and Sergey Smirnov, in the "Your New Business" column: "Set Me Free on the Pampas"]

[Text] In the opinion of KOMMERSANT experts, the enactment of the Law on Entry Into and Exit From Russia, on 1 January, is capable of intensifying perceptibly brokerage and consulting services in the export of labor—a business which is somewhat exotic in our country, but widespread in other developing countries. Quite objective economic prerequisites, such as a cyclical increase in demand for labor in the world economy, projected by a number of specialists, and the surplus of workers which has emerged within our country, are giving an additional impetus to this.

What Can Be Found in the Russian Labor Market?

Based on the data of sociological surveys, 1.5 million Russians are prepared to travel in order to earn a living right away and thus realistically appraise the convertibility of their professional qualifications. Another 5 million people are giving this prospect serious consideration. This is not surprising, especially given that the number of vacant jobs has now become smaller than the number of unemployed for the first time in the last 60 years.

However, the potential of this market does not consist solely of the unemployed. Highly qualified specialists, who have jobs but are not satisfied with their earnings and other conditions, are in the forefront. This also includes managers who take advantage of opportunities to go to the West for training and actual work, in order to perfect techniques for effectively operating businesses back home. Such practices already existed in Russia, to be sure, long ago, about 80 years back, when a contender had to work for hire for several years in, say, Belgium, in order to receive a good position as a manager or an engineer (even earlier, toward the end of the 18th century, individual Russians practiced carpentry successfully at shipyards in the Netherlands).

As we can see, the market for potential guest workers is large. Another feature of trends in this market, which is very attractive for a broker-consultant, is that it is serviced by freely convertible currencies to a considerable degree. Rubles are of no interest to either Western employers or to our immigrant workers; both strive to earn freely convertible currency. Accordingly, the entire infrastructure of this market—brokerage, service, and information companies—has a good opportunity to earn foreign exchange.

Experts believe that there are at least two aspects of business involving the export of labor—taking advantage of opportunities presented by government-to-government labor agreements, and unorganized exports.

Exports Under Government-to-Government Agreements

Migration for work under government-to-government agreements is one of the most common forms of exporting labor in world practice, which is also promising for the middleman. It is based on signing a contract between the relevant services of the state accepting labor and the donor state, within the framework of an agreement (the Ministry of Labor represents Russian interests). The Ministry of Labor undertakes to develop terms for labor and remuneration, to search for candidates for migrants, and to provide visa support. The function of a brokerage company is to find employers abroad and to select specialists in short supply within the country, as well as to assist in the processing of documents.

The largest agreement has been developed with Germany. In keeping with this agreement, it is expected that 11,000 employees will permanently work for two years, under contract, in the industry, construction, and service industries. It was planned to sign this agreement in December, during Chancellor Helmut Kohl's visit to Moscow. However, it was rescheduled because of inadequate preparations. Most likely, this has to do with the unsettled issues of social security. At present, those working under contracts pay withholdings to both the Russian social security funds and the German insurance fund and, naturally, they are protesting.

The Ministry of Labor of Russia has similar agreements on on-the-job training with Finland and Sweden. It is planned to sign contracts with Poland, Hungary, Austria, Bohemia [Czechia], and Slovakia, as well as China and Mongolia.

Arrangements for effecting export, which are expected in the event that guest worker agreements are signed, are as follows (in the case of Germany). In Germany, requests for workers and *job descriptions* [rendered in English in the original] (descriptions of the work station, employee functions, and requirements for qualification) will be submitted to the federal department for the job placement of foreigners, located in Frankfurt. The requests will then be forwarded to the Russian Ministry of Labor. In Russia, the Ministry of Labor will distribute the requests among oblast labor organs. In the oblasts, they

provide information to all comers, helping them, free of charge, to draw up *curriculum vitae* [rendered in Latin letters in the original] and to fill out questionnaires. Subsequently, a commission from Germany will administer the final selection of candidates, leaving German employers with a choice of two to three people per slot.

One may notice obvious snags in the pattern envisaged by government-to-government agreements, especially in its Russian segment. First of all, the effectiveness of an altruistic approach by the local Russian employment services to selecting the necessary personnel is doubtful. In all likelihood, employment organs will restrict the scope of the search to their immediate clients, the unemployed. Betting on this may not be quite fortunate: Employees more suitable for export are likely to be employed in production at present.

Besides, the processing of documents, even on a standard pattern, calls for certain qualifications and dispatch. However, the staff of the labor organs is not exactly overflowing with translators and knowledgeable consultants.

Under the circumstances, a brokerage company is capable of teaming up with state organs. Commissions for the services provided will form the source of profits for the company. Of course, "quasi-state" operations are not as profitable as purely private business: A particular company will have to split [the revenues]. However, this is a more reliable endeavor.

Besides, services to employers, in particular, a search for specialists on "customized" orders, also fit within the area of operation of brokerage companies. The opposite scenario, the selection of a company—"training grounds" for conditioning professionals for Russian businesses, is also possible.

The most extensive projects may be associated with Argentina, which is ready to accept 70,000 people for four years, as well as Venezuela (30,000 for the same period). These states will have use not only for skilled cadres, but also for common farm hands. However, the situation with Latin American countries has its specific peculiarities: In addition to guest workers (temporary employees by definition), they are quite interested in importing people for permanent residence for the economic development of new territories.

Naturally, the Russian side does not quite like such terms, and this is delaying the date of signing the contract. In this instance, the brokerage business has a better chance: It is given an opportunity to "divert the stream" its way. This prospect is all the more attractive because Argentina and Venezuela are softly blackmailing the European Community with the threat of a mass influx of Russians to the countries of Western Europe, and are seeking a \$20,000 moving allowance from the European Community per family of immigrants from Russia to Latin America. Obviously, some of these funds may be spent for the services of middlemen if they (the funds) are allocated.

Unorganized Exports

However, channels of the labor export business are not restricted to the framework of government-to-government agreements: experts are projecting growing demand for labor as soon as this year. According to calculations by UN specialists, in the next few years the United States, Australia, and Saudi Arabia will become leaders in accepting foreigners.

There is an entire range of criteria, meeting which makes the "live goods" more competitive, other things being equal, and thus improves the opportunity of a broker to succeed in unorganized exports.

Based on the results of an analysis of some data on our fellow citizens who have successfully migrated, the stream of Russians who have a chance to secure jobs clearly falls into two segments: top-notch professionals account for a minority; the majority consists of those who, while not possessing outstanding professional qualifications but being good-quality common professionals nonetheless, are able to compete by selling their labor at dumping prices.

The knowledge of languages, age, college education (preferably in engineering), and academic titles are the criteria of the free convertibility of human labor on the world market. The technical elite—engineers, physicians, physicists, chemical scientists, and mathematicians—are highly rated among specialists. According to some data, about nine percent of the employees of the Russian Academy of Sciences are already working at research centers abroad.

According to information from companies already operating in the market of exportable labor (Zagrantrud and Komspets), Kuwait, the United Arab Emirates, China, Canada, Brazil, Argentina, Syria, and Australia are among the countries which are the most suitable for job placement at present. Engineers and technicians (metallurgists, oil processing specialists, construction personnel), translators, executive secretaries, drivers, sailors, and construction specialists and workers are sought after the most.

Perhaps foreign labor markets are interested in the last category the most. The demand for construction industry specialists is the greatest in Argentina, Kuwait, the United Arab Emirates, Morocco, Portugal, Yemen, Botswana, Great Britain, Switzerland, Norway, Taiwan, and Indonesia. From among construction specialties, designers, specialists on servicing construction equipment (let us note this—Western equipment), road builders, suction-tube dredge operators, and builders of port structures and oil refineries are needed first of all.

Severe state protectionism in the labor markets of Western countries is a serious problem for brokerage companies. This is why, when signing a contract with an employer, the broker should ascertain that the employer has a permit to hire foreigners. Unemployed citizens of a

given country enjoy priority in hiring first of all, followed by EEC citizens (in Europe), and then contenders from countries historically associated with the state in question (for France, this means the Maghreb—countries of Northern and Western Africa, for Britain—the states of the Commonwealth). Therefore, a Russian emigrant looking for employment will only be the fourth in line, but possibly not the last.

RF Goskomstat Statistics on Unemployment in 1992 Examined

934E0018A Moscow DELOVOY MIR in Russian
14 Jan 93 p 3

[Article by Vladimir Boykov, professor and doctor of philosophical sciences: "Unemployment in the Human Measurement"]

[Text] According to the data of the RF Goskomstat [State Committee for Statistics], the relative share of unemployed persons among the able-bodied population of Russia comprised around 1 percent at the beginning of 1993. This has given reason for criticism of the predictions published by scientists, according to which 10 and even 20 million people might find themselves outside the plant gates in the near future.

But perhaps the experts are not so far from the truth? After all, judging by the results of a survey of several thousand industrial enterprises conducted by the state statistical agencies, the work week had been reduced at most of them. It is also unclear how many people who have lost their jobs have turned to the employment services. Finally, among those who did, far from all have been registered as being unemployed. If we consider all these circumstances, then it will turn out that the official statistics on unemployment, taken out of context of economic life, do not so much expose as they conceal the real state of affairs in the sphere of public employment.

In this connection, the results of the sociological study conducted by the Institute for Integrated Social Studies in the Fall of last year in Tomsk Oblast are of some interest. They characterize the impending mass unemployment at a micro-level—at the level of specific people and enterprises. We are speaking, specifically, of the results of a survey conducted among 1,000 thousand workers employed at 25 enterprises in 10 sectors of the national economy (the sampling of those surveyed ensured proportional representation of the primary social-professional and demographic groups of the employed population), as well as of the data from a survey of 150 economic managers, 250 unemployed persons and 512 students in graduating classes and groups of educational institutions.

The sense of impending trouble has already gripped half the workers

To the question, "Are you personally worried about the possibility of losing your job?", only 18 percent of those surveyed at the enterprises in Tomsk Oblast answered,

"No." Almost every other respondent (48 percent) stated that he is very concerned about this, and the rest—almost one-third—are also afraid of being left out of work, although they hope that misfortune will pass them by.

We must emphasize that an analogous state of alarm is present not only among Tomsk residents, but among residents of Russia in general. This is confirmed by the convincing results of three all-Russian surveys conducted by a representative sampling in April, June and December of 1992. According to the results of each survey, 35-40 percent of the surveyed population believe unemployment to be a real threat for themselves personally, and another 25-35 percent have sensed "the smell of sulfur," but are counting on a favorable outcome of events.

Undoubtedly, the dusky anticipations are to a significant degree conditioned by a general worsening of life, and by the nervous exhaustion of the people. But not only that. A survey of economic managers in Tomsk Oblast showed that many enterprises have already reduced their staff of workers, and that at every second one the problem of the need for cutting back the work force numbers has already long ago come to a head, and for now has just been postponed. In response to the question, "Do you foresee layoffs of workers at your enterprise in 1993?", only 7 percent of the economic managers answered in the negative. The others believe that this is unavoidable. Among these, 21 percent of the economic managers announced the inevitability of large staff cutbacks.

The pessimism of the organizers of production is shared also by their subordinates—the workers in the mass professions. Only 4 percent of them are confident of prosperity of the work which gives them their means of existence.

The anticipation of layoffs is associated with another strong-acting psychological syndrome—the syndrome of unnecessary manpower. Only 17 percent of the respondents are confident that they will find a suitable position if they lose their former one. And in fact, vacancies at enterprises and institutions are filled or eliminated. The development of small business, on which considerable hopes were placed, is encountering serious difficulties. The economic managers as well as the workers of the mass professions understand that the reason for unemployment is not the market transformations, not the structural reorganization of production, and not technical progress. Idling work hands in one sector of the national economies, these factors would create a shortage of workers in another. However, the reason for possible mass layoffs is the decline and disintegration of production.

The fellow traveller of unemployment—social desperation

One of the most painful circumstances intensifying the severity of unemployment is the sharp decline in the living standard. Due to inflation which is measured in

thousands of percent, the absolute majority of hired workers have been deprived of their personal savings—provided, of course, that they ever had them. Therefore, even with a short-term loss of employment, they immediately lose their source of existence.

The unemployed cannot expect any sizeable material support from their relatives, since they too most often are barely making ends meet from one paycheck to the next. Thus, for example, in answer to the question, "How do you evaluate your standard of living?", the responses were as follows (in percent of the number of persons surveyed):

I live quite comfortably—1

I live fairly well—15

I live from one paycheck to the next—58

I cannot make ends meet—24

Did not respond—2

Despite all the relativity of these self-appraisals, they show that eight out of every ten people surveyed are not ready to provide serious and long-term aid to their dear ones who have found themselves in trouble, while one-fourth of the respondents themselves are in dire need of material support. As for unemployment benefits paid, they do not even provide for a minimum living wage.

A survey of the unemployed persons registered with the employment services in Tomsk Oblast showed that 65 percent of them had noted a sharp decline in their living standard as the first and most agonizing consequence of losing their job.

Another significant circumstance evoking stress among the unemployed is the loss of their former social status. The longer the time spent by a person in the marginal state of being unemployed, the worse his social self-awareness. This is graphically expressed by the following survey results (in percent of the number of persons surveyed in each of the isolated groups).

Factors of social-psychological stress	Groups of unemployed:	
	up to 3 months	6-12 months
Decline of living standard	25	46
Loss of qualification	14	46
Sense of hopelessness in life	20	40
Considered a failure by near ones	17	33

Thus, after six months of fruitless efforts to find employment, around half of the unemployed persons are in a state close to desperation. We will add to this the fact that persons who have been unemployed for over a year (and these comprised 11 percent of those surveyed), as a rule experience complete depression, associated with the loss of all hopes for the future, and perceiving themselves as a burden to their loved ones and to society.

Will unemployment become a detonator of social protests?

Since there is no precise system of indicators for determining the level of social tension in Russian society and for evaluating its factorial conditionality, we must orient ourselves on indirect evidence. Among this we may classify expert evaluations which were expressed by surveyed economic managers. Among these, 65 percent believe that in the case of mass layoffs there would be a significant probability of serious social conflicts, 22 percent expressed the opinion that such a probability is insignificant, and 13 percent found it difficult to evaluate the situation. Approximately the same distribution of opinions was received from a survey of blue-collar workers, engineers, white-collar workers, and peasants. Seventy-five percent of the respondents believe that with a landslide character of unemployment there would surely be social unrest, while 7 percent hold the opposite point of view, and 18 percent could not say.

The presented data cannot be interpreted as the readiness or, on the contrary, the unreadiness of the surveyed persons to participate in social protest actions against mass unemployment. However, they do show a definite predisposition of the people to extreme forms of struggle for their social rights and guarantees.

It is true, this predisposition bears sooner a speculative than a practical character. The threat of unemployment, on one hand, gives rise to expressions of social indignation, and on the other—forces people to think first of all about self-preservation.

In any case, the layoffs which have already been implemented were certainly not perceived with hostility. As the sociological data showed, the relative majority of the workers believes that the reduction in personnel of enterprises and institutions is an inevitable consequence of the former hidden unemployment, as well as a necessary condition for the survival of the labor collectives in the transition to the market. In other words, in the mass consciousness unemployment is perceived today from the standpoint of a priority of economic criteria of production effectiveness over social criteria. When it affects large masses of skilled workers, the opinions on its social essence may change drastically.

Is a labor market being formulated?

The managers of enterprises, as well as workers in the mass professions, were asked the same question: "Does the threat of unemployment force those who have not yet lost their jobs to work with greater intensity?" Among the economic managers, 48 percent of those surveyed answered positively, and among the "rank-and-file" workers—41 percent answered in the affirmative. The emergence of rivalry for jobs between people registered on waiting lists with employment services was also noted by 24 percent of the unemployed.

The conclusion suggests itself that unemployment has given a certain impetus to the formation of a labor

market, of which an inalienable attribute is competition. However, a more detailed analysis shows that it is still premature to draw such a conclusion. First of all, the idling of manpower is conditioned certainly not by the effect of market mechanisms, and secondly—the glimmers of competition for jobs, in essence, differ little from the lines of people waiting for goods and food products, and the waiting lists for housing under conditions of a total deficit and monopolism by producers.

Let us look at this a bit more closely.

In response to the question posed to workers of the mass professions: "What do you see as the main sources of unemployment in Tomsk Oblast?"—the following answers were obtained (in percent of the number of persons surveyed):

Disruption of economic relations between enterprises—51

The economic crisis which has gripped the country—50

The conversion of the defense industry and reduction of the army—7

Scientific-technical progress, introduction of unmanned technologies—3

As we can see, the causes of unemployment which the people perceive have nothing to do with the causes operating in the developed countries of the market economy. The same thing was shown also by the responses of managers of enterprises and organizations, who noted the most significant circumstances dictating the reduction in the work force (in percent of the number of persons surveyed).

Circumstances of work force layoffs:

Financial difficulties of enterprises—68

Decline in production conditioned by non-economic reasons—54

Structural reorganization of production—23

Privatization (stockholding) of enterprises—19

Technical progress—16

With only a slight stretching, we may interpret all these circumstances of the growth of unemployment as the action of market mechanisms. We might add that in the near future, as 65 percent of the surveyed managers noted, they do not plan to re-profile production for the output of principally new products, since this is impossible to do because of the economic chaos.

The victims of the first wave of unemployment are primarily women and young people who do not have experience in production activity. The fate of these social groups will be even more problematic in the

future. Thus, for example, a survey of students in graduating classes of schools and groups of vocational technical schools, technical schools and VUZes [higher educational institutions] showed that 76 percent of them do not know whether they will be able to find a job after completing their studies. Based on the data of our study, we may predict that engineering-technical specialists and workers in enterprise administration have already now become the most realistic candidates for unemployment. In other words, those who are directly dependent on the assimilation of new technologies and forms of economic activity under conditions of the transition to the market. These are followed by skilled workers of the basic production sectors. In response to the question: "If there are personnel cutbacks at your enterprise, who will be the first affected?", 45 percent of the surveyed economic managers responded: "Everyone to an equal degree."

For the present time, unemployment has entailed only one reality in the sphere of labor employment: It has opened up the possibility of exerting pressure on workers in those cases when increased economic effectiveness of production was achieved at the expense of their interests and social guarantees. For example, 59 percent of the workers in mass professions and 28 percent of the economic managers surveyed in Tomsk Oblast believe the reduction of the work week to be one of the most acceptable methods of minimizing production outlays. One in three blue- and white-collar workers expressed a readiness to go on unpaid leave, as long as they were not laid off. The orientation toward holding down the growth of wages as a means of preserving jobs was also rather widespread.

Myths and reality

The sociological survey showed that the main mass of the population still expects that the federal organs of power will find ways to prevent mass unemployment. Moreover, in the opinion of most enterprise managers and "rank-and-file" workers, the efforts of the state must be concentrated primarily on solving two interrelated problems: Creating jobs and retraining people with leave from work, for the purpose of utilizing them in new sectors of production, in the sphere of services and entrepreneurial activity. However, this outwardly impeccable logic, unfortunately, does not withstand the test of practical application.

The creation of new jobs requires sizeable capital investments. Yet today neither the federal nor the regional organs of state power have these at their disposal. Due to inflation and the decline in production, the overwhelming majority of the enterprises also do not have them. It is unlikely that bank capital can be used for investment in new production: The poor commercial banks are simply not capable of providing financing of the enterprises, most of which represent a concentration of industrial capital in large and especially large volumes.

The situation is no better also with training and retraining of the workers who have been laid off. It is unclear what professions should be trained for under conditions of overall job reductions. And is there any sense in creating a new system of re-training people at a time when it is impossible to place the graduates of VUZes and other educational institutions according to their profession?

Expectations of concern on the part of the state for work provision of the population are fueled by the propaganda of the thesis that supposedly the structural reorganization of the national economy, the curtailment of production in the mining and other basic sectors of production and in the defense complex, will open broad opportunities for development of the sphere of services, which will absorb a significant part of the idled work force. The economic crisis, as we know, has impacted primarily the social sphere.

Enterprises have lost their former resources for financing their social infrastructure—housing-municipal services, medical, children's cultural-educational and other institutions. The state is also withdrawing from the sphere of meeting the social demands of the population, and is changing it over to a commercial basis. The level of its centralized budget expenditures for education, culture, art, and science has declined by 2-3 times in 1992 as compared with the pre-crisis period. Finally, privatization of enterprises in trade, public catering and consumer services and commercialization of public health, culture and public education under conditions of a sharp reduction in solvency of the population leads not to an increase, but to a significant reduction in the demand for manpower in the social sphere.

According to the data of the study, it is specifically former workers in trade, public catering, public health, education, science and culture that comprise the largest group among the unemployed in Tomsk Oblast. Their relative share among persons receiving unemployment benefits comprises 35 percent. But, we will note, 36 percent of those surveyed from among the representatives of the mass professions, if they should lose their jobs, intend to go to work in the sphere of social services.

One other misconception held by many people is their assurance of the fact that, having lost their job in the state sector of the economy, they will find an application of their efforts in small business—in cooperatives, joint enterprises, etc. For example, the glances of 52 percent of the surveyed graduates of educational institutions are aimed in this direction. This same orientation dominates also among surveyed workers of the mass professions, as well as among enterprise managers.

However, the possibilities for any significant re-channeling of the work force into the private sector of the economy at the present time have in fact been exhausted. This sector grew actively on the basis of middleman activity, and sometimes at the expense of state enterprises. However, the development of small business in

the sphere of production of goods and services is encountering obstacles which are difficult to overcome—the absence of initial investment capital among most of the population, tax barriers, monopolism by producers of raw materials and equipment, etc. The economic and legal realities do not give serious grounds for counting on the saving force of small business, which rescues the developed capitalist countries in periods of economic crisis.

Even a cursory overview of the materials on the study of the unemployment problem shows the inadequate policy of the federal organs of power, whose center of gravity is at the present time concentrated on giving poverty aid to the unemployed. It does not protect Russian society in any way against the senseless waste of its main capital—human.

Officials Criticize Draft Law Proposed by Factions

PM2901115593 Moscow ROSSIYSKIYE VESTI
in Russian 28 Jan 93 p 3

[Unattributed report under the "Drafts Undergo Expert Analysis" rubric: "Privatization Could Become Feudal by Nature"]

[Text] At a meeting with journalists Petr Filippov, chairman of the Russian Federation Supreme Soviet Subcommittee for Privatization, and Dmitriy Vasilyev, deputy chairman of the State Committee for the Management of State Property, voiced serious concern over the upcoming examination of the draft Law "On the Priority of Labor Collectives of State and Municipal Enterprises and Organizations in Choosing the Forms of Denationalization and Privatization" at the Supreme Soviet.

The draft law, prepared by the "Workers Union," "Industrial Union," "Agrarian Union," "Fatherland," "Communists of Russia," and "Russia" parliamentary factions, proposes that basic enterprises be placed in the complete and permanent charge of their labor collectives.

As a result, with the adoption of this draft law, the majority of enterprises will be excluded from the methods of privatization legalized by the state privatization program. Petr Filippov's conclusion on this draft law was that, in particular: "The draft harms the interests of those who do not work at enterprises being privatized (servicemen, pensioners, students, and workers in the budget-financed sphere). The draft also runs counter to the interests of those who do work at enterprises being privatized, as it binds them to the organs which run them, in other words the government organs. Finally, the proposed privatization procedure could produce conflicts within collectives, as seen in the experience of Moscow and the experience of privatizing leasehold enterprises."

For his part, Dmitriy Vasilyev said that people would not be able to buy anything when the draft law is passed. The fall in the value of the vouchers could produce a social explosion and lead to the country's regionalization, with every member of the federation seeking to carry out the privatization of enterprises independently.

Controlled Programs for Work Abroad Bar to 'Brain Drain'

PM0302121593 Moscow ROSSIYSKAYA GAZETA
in Russian 2 Feb 93 First Edition p 3

[Interview with Russian Deputy Labor Minister Igor Khalevinskiy by Yevgeniy Skukin under the "Topical Interview" rubric; place, date not given: "So that Petr Is Invited After Ivan"—first paragraph is introduction]

[Text] Pressure in the unemployment sphere has been mounting constantly. In 1992 more than 1 million Russians contacted the State Employment Service. Half of them found employment. The rest, unfortunately, received the status of unemployed. At the same time it is the dream of 1.5 million of our compatriots to find a job abroad. Another 4 million are just thinking about this for the time being. What is the gap today between the dream—dreaming, as we know, does no harm—and grim Russian reality? We put this question to Russian Federation Deputy Labor Minister Igor Khalevinskiy.

[Khalevinskiy] The law "On the Employment of the Population in the RSFSR" adopted in April 1991 seemed to free us from the "iron curtain" syndrome whereby people's natural desire to work abroad for a while was regarded as nothing less than "betrayal of the socialist fatherland." But... there was no mechanism for its practical implementation. All the obstacles regarding the official issuing of visas were removed by the Law on Entry and Exit when it came into force. Admittedly, it will fully operate only after 1 April.

[Skukin] Who today looks after the formalities regarding the exit of Russian specialists?

[Khalevinskiy] Private agencies which hold a Ministry of Labor license.

[Skukin] So the will of the center does remain, then?

[Khalevinskiy] No more than is usual in world practice. The Ministry of Labor concludes agreements on exit quotas and seeks to ensure that this is carried out in precise compliance with the contract: the date of return, the inadmissibility of changing profession, place of work, and so forth.

[Skukin] You might think that we are awaited everywhere with open arms...

[Khalevinskiy] No, of course not. Such acts are frequently more political in nature—in support of Russian reforms. For example, in February we will sign an agreement on the exchange of guests with Germany—2,000 workers on each side. And subsequently will do so

on the sending of 11,000 Russians there. And the quota will be regulated according to the level of unemployment in Germany. Not a ban, but the free exit of people abroad for practical work experience is a realistic barrier to the brain drain. Another is the creation of optimum conditions for specialists at home.

[Skukin] What skills are highly rated abroad?

[Khalevinskiy] Construction workers, software engineers, educators, and researchers. There is a large demand for medical personnel, particularly middle- and junior-level personnel. Our private agencies are geared toward training not just first-rate specialists. Only those who know languages and the country where they are to work will be able to stand up to competition in the tough foreign market. In short, we seek to create a reputation for ourselves, as it were, so that Petr gets invited after Ivan.

[Skukin] But won't we become, like Third World countries, suppliers of cheap manpower?

[Khalevinskiy] We won't. If, of course, our compatriots go abroad legally. For example, by agreement with Germany Russians' salaries should strictly match their German colleagues' earnings. This was insisted on, incidentally, by the German trade unions—precisely in order to prevent the aforementioned dumping of cheap labor. [Khalevinsky ends]

Postscript: By the way, according to experts' estimates, in Moscow alone the number of people employed in sectors of the national economy will fall by 583,000, including 239,000 in the nonfood production sphere, by the end of 1993.

U.S.-Russian Cellular Phone System for Yekaterinburg

934E0010A Moscow KOMMERSANT-DAILY
in Russian 26 Jan 93 p 4

[Article by Valeriya Ochinyan: "Joint Venture Will Create Russian Communications System Based on American Technology"]

[Text] The Russian-American URALTEL enterprise, whose plans include providing the entire Urals region with the services of cellular telecommunications systems and cable television, is beginning to carry out the first stage of its \$30 million project—the creation of a digital telephone system in Yekaterinburg. Yesterday Valeriy Trushnikov, head of the Sverdlovsk Oblast government, received from the American participants in URALTEL, the firms MCT-Investors and Interpath LTD, official guarantees that the Russian participants would also receive licenses and technologies that will enable them in the future to produce all the necessary components for the creation of a regional cellular communications systems at Urals plants.

The founders of the new enterprise on the Russian side are the Avtomatika Research and Production Association, the Vektor Production Association, the Urals Electromechanics Plant, the Uralelektromed Combine. The American participants are MCT-Investors, the seventh largest holding company in the United States, which produces telecommunications systems and services, and Interpath LTD, a brokerage firm that specialists in relations between Western and Russian partners. The joint venture's charter capital is \$10 million. The sides' shares are equal.

A large part of the Russian founders' contribution consists of providing production areas that have been freed in connection with the cutback in military orders; equipment supplied and paid for by the American side will be operated on them. In addition, the Russian side has pledged to provide access to local communications systems and connections with federal transmission lines. In accordance with the agreement, the companies supplying equipment are also to transfer technologies and licenses for the production of all elements necessary for the creation of telecommunications systems. Thus, a foundation is being laid for building a regional cellular system out of Russian components, and jobs are being created at Yekaterinburg enterprises converted from defense production.

Program Maker Promises High-Brow TV Channel

PM0202103793 Moscow IZVESTIYA in Russian
30 Jan 93 Morning Edition p 12

[Interview with Oleg Uralov, general director of the "Videofilm" Corporation, by unnamed correspondent, date and place not given: "Marafon-TV Gets Underway"—first paragraph is introduction]

[Text] The opening of the TV channel "TV 6 Moskva," which we have already written about, coincided with the birth of "Marafon-TV," another independent commercial TV station. The "Videofilm" corporation has undertaken to supply it with programs. Our correspondent met with movie director Oleg Uralov, general director of "Videofilm."

[Uralov] If you recall, in the interview in IZVESTIYA a year ago I talked about the unsuccessful attempts to combat video piracy in the Russian market and about the plans to create an independent TV channel. The "Marafon-TV" association is intentionally not yet organizing a public presentation of the 27-decimeter channel even though it made its modest debut back in October and from 1 January our TV program "Moskva-revyu" began going out daily from 1400 through 2400 hours. The founders of "Marafon-TV," including not just "Videofilm" but also the Main Center for Radio and Television Broadcasting and a number of other science-and-production and entrepreneurial structures, believe that this is just the first step toward creating a full-fledged commercial TV channel.

Our channel is not for everyone but primarily for Russian businessmen. It is supposed to enhance their business, professional, and creative activity and raise their intellectual level and to help form, if you will, a caste of civilized Russian businessmen. That will be the aim of our 15-minute information slots providing economic, technological, and commodity market news with informed commentary on state edicts and answers to business people's specific questions from commercial and budget structures. In addition, a minute's advertising on our channel will be four to five times cheaper than on state television.

A second and no less important area of the "Moskva-revyu" program is education. The "Videofilm" catalogue contains quite a few current affairs films of a cultural and educational nature. Our immediate plans include the creation of some original movie series on Russian history, Russian statehood, our country's outstanding people, and problems of ecology, geography, and culture.

Third and last—something without which evening broadcasting is inconceivable. I am talking about entertainment shows and movies. There are over 2,000 home-produced and foreign movies in our video library. They include the movies of R. Clair and F. Truffeau, G. Rossa and K. Sindo [both as transliterated], and music programs featuring D. Roussos, J. Dassain, M. Matthieu, and E. Clapton. Thanks to a long-term contract with Britain's Channel Four TV, regarded by the experts as the world's most intellectual TV company, we have begun receiving new English movies. One of them, a psychological drama by S. Poliakoff which we distributed to movie theaters, was renamed by the distributors "The Rich Also Love." But I am sure that there will be no place on "Marafon-TV" for cheap melodramas of the type "The Rich Also Cry."

In addition to movies we intend cooperating with foreign television partners to produce original programs on ballet, classical jazz, and poetry, and we shall try to avoid an influx of videos designed for the undemanding taste of the overexcited young.

We are aware that in the present difficult situation questions of creativity cannot be resolved without setting up a firm material and technical base. That is why last year "Marafon-TV" began modernizing the Moscow network of collective antennas for the reception of decimetric signals using the resources of its founders for the purpose and in so doing prepared the ground for work in this wave band for entrepreneurs from other independent Russian TV firms. I can say that there is no sense now in investing money in the development of the state communications infrastructure because the majority of the country's TV sets are designed for the reception of decimeter wave band [FM Band 2] signals such as the sixth channel in the one-meter wave band on which MNVK [the Moscow Independent Broadcasting Corporation] made its broadcasting debut. But "Marafon-TV" is deliberately opting for this in the belief

that entrepreneurs themselves must find their own way to their potential customer and not rely on help from the state's meager resources. Our association has placed an order for the production of 10,000 decimetric converters for old-style TV sets in the first quarter of the year. A hire system for them is being devised which will make it possible to offer Channel 27 to subscribers at a rate equivalent to an annual subscription for one or two newspapers.

One final point that needs to be made. Unlike all the other Russian TV companies, "Marafon-TV" has already obtained two licenses. One as a means of mass information, the second a technical license from the Russian Ministry of Communications for the right to own our own frequency channel in the decimetric wave band. Thus it will be possible to avoid an exhausting new lawsuit with officials like the one that "Videofilm" is presently engaged in over the premises leased by us in the former USSR State Committee for Cinematography building. We have already managed to achieve our desired independence in the air waves. Next year "Marafon-TV" will be ready to start distributing "Videofilm" TV programs across the whole of Russia via ground-based distribution networks and satellite channels and is planning in the future to release them into the world TV market.

Regulation of Nuclear Sector Inadequate

93W/N0250A Moscow ROSSIYSKAYA GAZETA
in Russian 13 Jan 93 pp 1-2

[Article by Anatoliy Shramchenko, expert of the Russian Federation Supreme Soviet Committee for Issues of Ecology and Rational Use of Natural Resources and deputy chairman of the Association of Independent Experts on Safety in the Nuclear Power Industry: "The Empire of Nuclear Specialists Does Not Need a 'Nuclear Constitution'"]

[Text] An article by A. Romanov in ROSSIYSKAYA GAZETA (23 October 1992) once again discusses affairs in the nuclear sectors of industry and power generation. Its headline, "Orders Are To Advance—From an Unprepared Bridgehead and in an Unknown Direction," hits the bull's eye.

Indeed, the orders are precisely to advance. There was, and still is, no regular development in our nuclear industries. The government is betting on nuclear power stations with reactors which have already been compromised at the Chernobyl and Leningrad power stations, and whose adequate safety has not been confirmed.

Indeed, there was, and still is, no prepared bridgehead: full-scale testing, model specifications and calculations of reactor safety, an optimized set of measures for protection of personnel and the populace against radiation, and a truly operational safety system. There are other concerns. An energy crisis is exacerbating the

economic crisis. The need for power must be met at any price! The safety of reactors and technologies comes next.

Indeed, the offensive proceeds in an unknown direction. There simply is no precise, verified direction, because there is no design of a nuclear power station with an improved safety reactor. They have been working on it unsuccessfully for several years now: After all, they are looking for simple and cheap solutions based on old accomplishments. There is no such direction because the issue of radioactive waste handling is not being resolved: It is drained into temporary storage facilities because there is no industrial technology for solidifying liquid waste; because the creation of regional burial sites for solid waste in safe geological structures is stuck at the stage of technical and economic feasibility studies; because liquid waste containing plutonium is still injected underground at nuclear combines posing a threat of catastrophic radioactive contamination to water-bearing strata, even if remote; because ponds and rivers filled with radioactive water sit out in the open. The direction of the offensive is not known because there are no commonly accepted concepts of safety of nuclear technologies (primarily of nuclear installations) or concepts for ensuring the radiation safety of people and, finally, because there is no system of legislative acts which would regulate the safe use of nuclear energy and govern the types of operations and kinds of relations in which people engage while using nuclear energy.

The authors and inspirers of the government program for the development of nuclear energy cannot be unaware of all this. This is why raising the issue of some kind of offensive in nuclear industries is absurd in itself. All that is possible in this area at present is spontaneous expansion in the interests of a quite narrow circle of individuals—leaders of the nuclear department.

The peculiar state organism, which was first called the Ministry of Medium Machine-Building, subsequently the Ministry of Nuclear Energy and Industry, and now the Russian Federation Ministry of Nuclear Energy, has existed for more than 40 years. For more than 40 years it has operated without a legal foundation. Legislation in the area of the use of nuclear energy and radiation safety began to emerge only after the Chernobyl disaster. However, the rays of legislative regulation in the area of ensuring radiation safety appeared as late as the recently passed laws on the medical and disease-control welfare of the population and the protection of the natural environment. The rest of the laws are still at the draft stage.

In 1986 work on the law on the use of nuclear energy began, which has not been completed to this day. It has been conceived as a directly applicable law, whereby governance and regulation would apply only to what the leadership of the nuclear industries sanctions. The draft was submitted for consideration to the Supreme Soviet of Russia as late as the fall of 1992.

In 1991 and 1992 a law on policy in the area of handling radioactive waste was developed. This is also a directly applicable law, which, in the interests of nuclear departments, envisages the creation of yet another independent nuclear department specifically for handling wastes. The draft was also transferred to the Supreme Soviet in the fall of 1992.

In 1992 a law on the radiation safety of the populace was urgently prepared. It is also a directly applicable act. However, in terms of its approach to regulation and governance on safety issues, it clearly contrasts with the above two laws because it reflects the interests of an independent department for medical and disease control supervision rather than those of nuclear specialists. The future of this law is very much in doubt.

In 1992 the development of two laws for the area of the defense uses of nuclear energy began; the laws reflect solely the interests of the defense industries to a considerable degree.

Finally, in November 1992, the draft law of the Russian Federation "On the Status of Territories Polluted as a Result of Chernobyl or Other Radiation Accidents or Those Exposed to the Risk of Radioactive Contamination" was published. It was prepared by the Committee for Ecology and Rational Use of Natural Resources. It is oversaturated with theoretical provisions from medical radiology and radiation hygiene and generalities about the safety of nuclear stations. This directly applicable law resembles a collection of quotes from scientific publications. It does reflect someone's specific interests, but it does not codify the status quo or establish the legal regime of territories which have been, or may be, affected by radioactive contamination.

As we can see, the familiar merry-go-round of spontaneous expansion is beginning to spin in the area of laying a legislative foundation as well. However, a system of legislative acts should be built organically, on the basis of commonly accepted concepts, in all areas of legislation, with the coordinated sequence of the development of individual laws taking into account their conceptually justified hierarchy.

This is where we come to the focal thesis, as we see it, which A. Romanov has repeatedly voiced on the pages of central newspapers. It is the thesis about the "nuclear constitution." What does this mean? It means the Russian Federation Law "On Fundamentals of Legislation in the Area of the Safe Use of Nuclear Energy and Sources of Ionizing Radiation." This law should legally codify the entire system of objects, subjects, and types of operations and relationships in the sphere in question. It should set forth the main principles of safety, its criteria, and norms. It should also include fundamental banning rules resulting from domestic and world experience. This law should codify the main terms and notions, determine the hierarchy of legislatively regulated safety requirements, and on this basis, establish a hierarchy of directly applicable laws and the main executive acts. This law

should delimit the entire legal scope of the nuclear sphere. If this law comes along, the directly applicable laws will no longer duplicate one another; contradictions between them will disappear; it will be clear which areas of the legal space are not yet covered by legislation.

However, this suits the empire of nuclear specialists least of all. This will mean the beginning of the end of this empire. If the law specifies subjects of nuclear law, every person will be able to influence the state of affairs in nuclear departments. Public organizations will be able to subject them to the procedure of public investigation (hearings). It will not be possible to ban rallies and demonstrations in the sanitary protective zones of nuclear power stations, as does the draft law on the use of nuclear energy.

In general, this is a "strange" draft. It does not include a definition of radiation safety. It does not say that it is mandatory to use commonly recognized international norms and recommendations of the IAEA [International Atomic Energy Agency] in our norms. Responsibilities and guarantees pertaining to the organs of state regulation, supervision, and monitoring of the safe use of nuclear energy are not determined unambiguously.

These are not mere shortcomings or defects. These are expressions of the imperial ideology of nuclear specialists. If only this were the case solely with draft laws! For example, an outline of safety guarantees ensured by the State Committee for Monitoring of Nuclear and Radiation Safety is completely absent in the texts of "Regulations on the State Committee under the Russian Federation President for Monitoring of Nuclear and Radiation Safety" and the "Policy Statement" of this committee. Likewise, it is not defined what the committee is responsible for. This is no accident. After all, all these drafts, regulations, and statements are written by like-minded people, and frequently by the same people.

The draft law on the use of nuclear energy does not contain provisions for a ban on the enactment of all kinds of temporary or special rules or norms which are crucial to our nuclear practices, despite the fact that such rules and norms have been the root cause of almost all of our radiation accidents at transportation and space reactors. They have also caused additional difficulties in providing radiation protection for the population in the accident zone around the Chernobyl Nuclear Power Station. The draft omits all facilities with technologically modified radiation backgrounds. This would have placed within the scope of legislative regulation the "holy of holies" of the empire of nuclear specialists—the radiation and ecological consequences of the mining and processing of uranium and polymetallic ores.

I believe that the time has finally come to invite the attention of the deputies to the actual state of affairs in nuclear departments.

Construction Plan Promises To Revive Nuclear Power Industry

93WN0250B Moscow KOMSOMOLSKAYA PRAVDA
in Russian 26 Jan 93 p 3

[Article by O. Volkov: "'Peaceful Atom' Has Snapped Out of It, and Is Mounting an Offensive"]

[Text] It appears that the Russian nuclear power industry has finally recovered from the powerful blow it took in 1986, despite some experts predicting its complete demise, pointing to changes that have shaken the world in recent years: They said that the Soviet population, scared by the accident at the Chernobyl nuclear power station, would not allow the use of nuclear energy to expand.

Indeed, during the entire six years since Chernobyl, which have passed under the sign of perestroika and acceleration, a certain stagnation has been registered in nuclear power generation. They recalled our nuclear specialists only on account of various incidents which, to tell you the truth, were numerous, rather than, as used to be the case, in conjunction with commissioning yet another power unit (incidentally, only four have been commissioned in Russia since 1986).

By now it is already possible to say that the nuclear power industry, which was recently involved in all-around defense, is switching to the offensive, the success of which is largely preordained. This has to do with the fact that, in the 10 years to come, the service life of power units which were built in the early and mid-1980's will come to an end. This will mean additional, very significant difficulties for a country which is already experiencing a power shortage.

This is why it is not surprising that, on 28 December 1992, the government adopted a special decree, No. 1026, which actually confirmed a program for the construction of new nuclear power stations for generating heat and electric energy until the year 2010. Its initial stage calls for the modernization of operating power units and the commissioning of new ones to replace the units of the Bilibino, Novovoronezh, and Kola nuclear power stations which will be retired after the year 2000. Given the consent of regions and a favorable evaluation by the state ecological review, it would be possible to complete the construction and start up another eight units at the Balakovo, South Urals, and Beloyarsk nuclear power stations and the Voronezh AST [nuclear heating plant]. A technical and economic feasibility study is also being prepared at present for the construction of nuclear power stations and nuclear heating plants of a new generation in regions in which it is often just impossible to generate power in a "nonnuclear" mode: the territories of the Far North and the Far East, the lower Volga area, and the central part of Russia.

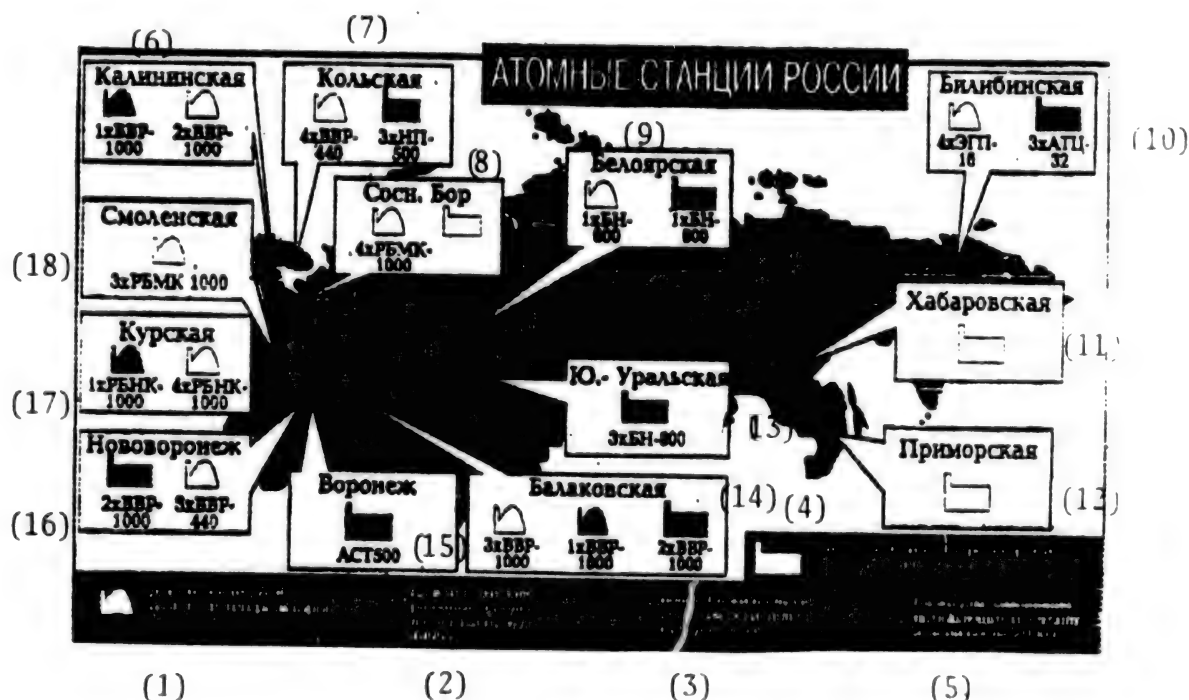
However, Unit 3 at the Balakovo nuclear power station, which has successfully passed ecological review, should begin operation as early as April of this year.

Before 1995 it is planned to start up yet another two, almost completed (70 percent), power units—at the Kursk and Kalinin stations. To be sure, at present it is impossible to predict the outcome of a state review of Unit 5 of the Kursk nuclear power station, where a modernized RBMK-1000 reactor with an upgraded safety system, and yet one with a tarnished reputation, is installed.

This is why the program pays considerable attention to the development of new, safer types of reactors—NP-500 and VPBR-600.

The issue of cooperation with the West remains open for now. In the words of Deputy Minister of Nuclear Energy

Yevgeniy Reshetnikov, "frequently, the conditions of Western partners are just unacceptable to us." This has to do with the fact that, while foreigners would like to build their nuclear power stations on the territory of Russia, first, "we are capable of doing this just as well ourselves," and second, the "dirty" fuel cycle, with highly active waste and risk, will still remain in our country, whereas the absolutely "pure" electricity will flow to the West. However, this does not mean that Russian nuclear specialists intend to restrict their contacts with foreign colleagues. For example, imported equipment which monitors reactor safety is already installed at some of our stations.



Nuclear Power Stations in Russia

- Key: 1. Operating nuclear power stations (number and type of reactors)
 2. Virtually complete, expected to be started up before 1995
 3. New units in the event of consent by regions; expected start-up before 2005
 4. New nuclear power stations and nuclear heating plants with improved safety reactors
 5. Units replacing those decommissioned after the year 2000
 6. Kalinin—1 x VVR-1000, 2 x VVR-1000
 7. Kola—4 x VVR-440, 3 x NP-500
 8. Sosnovyy Bor—4 x RBMK-1000
 9. Beloyarsk—1 x BN-600, 1 x BN-600
 10. Bilibino—4 x EGP-16, 3 x ATTs-32
 11. Khabarovsk
 12. Maritime
 13. South Urals—3 x BN-800
 14. Balakovo—3 x VVR-1000, 1 x VVR-1000, 2 x VVR-1000
 15. Voronezh—AST-500
 16. Novovoronezh—2 x VVR-1000, 3 x VVR-440
 17. Kursk—1 x RBMK-1000, 4 x RBMK-1000
 18. Smolensk—3 x RBMK-1000

Recommitment to Nuclear Power Backed

93WN0250C Moscow KRASNAYA ZVEZDA
in Russian 27 Jan 93 p 2

[Article by Mikhail Rebrov, KRASNAYA ZVEZDA, in the "Point of View" column: "Nuclear Power Stations Without Fear or Illusions"]

[Text] According to ancient mythology, "the world rests on three pillars." However, previously these were imagined to be giant elephants, turtles, or whales, whereas at present, real life leaves no doubt that energy, ecology, and the economy are the three pillars on which human civilization rests. If any one of them is destroyed, catastrophe is unavoidable.

Literally at the finish line of last year (on 28 December), the government of Russia adopted Decree No. 1026 on the construction of nuclear power stations on the territory of the Federation. It actually amounts to a program for the development of power generation for the period until the year 2010. Will it be translated into reality?

That we live in an environment of paradoxes hardly comes as a surprise to anyone at present because dogmas about the "unity and struggle of opposites" have been drummed into us from childhood. This is perhaps the source of a contemplative or even altogether indifferent attitude toward the fact that, in their region, the residents of Rostov are heatedly protesting against an AES [nuclear power station], since they have not experienced a power shortage, whereas the residents of Yerevan are demanding, just as stormily, that the once shut-down nuclear power station be brought back to life. This appears to be a strange situation. However, it reveals the profound meaning of what is happening: Things are on occasion naively interpreted, and on occasion, reflect the ambitions if not the incompetence of participants in rallies.

Indeed, the tragedy of Chernobyl has caused mass radiophobia and brought about the militant rejection of nuclear power generation and the widespread conviction that it would be better to go back to "kindling and dung cakes" as long as the frightening AES's are not around. However, let us reason: What will happen if all nine AES's in Russia, with their 28 power units, are shut down? What does our society stand to lose by virtue of this? Let us start with specific examples, without which it is difficult to shed both illusions and fear.

At present, the per capita consumption of primary energy resources in our country amounts to 6.7 tonnes of standard fuel a year (for comparison, in Western Europe it is 5 tonnes, and in the United States—11 tonnes). The energy sector claims from the national economy approximately one-quarter of all capital investment and one-fifth of labor resources. With all of this, it barely meets the needs of our households and production facilities. So, the AES's of Russia, with a total installed capacity of 20,242 megawatts, account for more than 11 percent of the output of electricity. The total volume of fossil fuel

savings comes to 40 million tonnes a year (incidentally, the idling of power units prepared for operation brings about losses going into millions daily).

One more point. TES's [thermal power stations] account for the bulk of electricity generation (60 percent), to which end 211 million tonnes of standard fuel are used, or 41 percent of the gas used in Russia, 14 percent of the oil, and 37 percent of the coal. Besides, the peculiarities of the Russian economy are such that the main energy resources are located in the eastern regions of the country, whereas the European section is responsible for about 70 percent of the total output and consumption of electricity. About 20 percent of all fuels produced are used to deliver energy to these regions. Such is the price of "nonnuclear" electricity.

More than 75 percent of energy is generated on our planet as a result of the processing of fossil fuels. In the process, 21 billion tonnes of carbon dioxide are emitted into the atmosphere annually, which threatens a global ecological catastrophe.

Along with our entire economy, the fuel and energy complex has great inertia because of its resource intensiveness. Production falls in two to three years (if investment is stopped), whereas it takes as many as eight to 10 years to restore the previous volume (if additional investment is made).

As far as mothballing AES's is concerned, the picture is as follows. The gradual decommissioning of operating power units (over 10 to 15 years) will call for the additional generation of 12 to 13 percent more energy. Hydropower stations and other sources (wind, the sun, tides, and subsurface heat) will not be able to offset the deficit that emerges. So, do we use oil and gas? We have already described the price for this solution.

The fear of radiation is understandable. As early as the time of Hiroshima and Nagasaki, humanity understood what one of the greatest discoveries of science can turn into. The accidents at the American AES "Three Mile Island" and Chernobyl became yet another reminder of the latent danger. Of course, all progress, including that of nuclear power generation, entails certain risks. However, for the sake of objectivity it should be acknowledged that the unsatisfactory operation of the general industry equipment of the AES's, human error, and an inadequate level of organization of operations have become the main reasons for all the unplanned shut-downs of power units.

However, let us revisit the topic of what is going to happen if the AES's are closed down. Of course, background radiation will diminish, but only by one percent, and somewhat more on the sites of the stations proper: by five to 10 percent. At the same time, an increase in the percentage of fossil fuels to offset losses in electric energy will bring about the tremendous consumption of atmospheric oxygen, and because of the use of coal, greater background radiation as well.

This is why it is unbecoming to practice wishful thinking or give in to emotions when making decisions on energy issues. To possess energy resources and to be able to manage them properly means to have a reliable foundation for accomplishing all social tasks. The energy sector is likely to be the very sphere in which the building of a regular market economy will begin. This is why we do not need extemporaneous decisions in our AES policy (to close down, to ban, to give up, and so on), but a well-considered and scientifically justified concept for the development of nuclear power generation bolstered by ecological expert reviews, and a concept geared toward the development of new-generation technology with a qualitatively better safety level (such designs are already available).

There is no throwing obstacles in the path of scientific and technical progress. Whether we like it or not, fission-based nuclear power generation, by advancing technology and science, is blazing the trail for the wide-scale assertion of the thermonuclear power generation of the next century, as well as opening unique opportunities to directly transform nuclear energy into electricity, regenerate nuclear and thermonuclear fuel, and synthesize artificial elements endowed with necessary properties...

Since we have recently gotten used to hanging on every word of the West, I will mention their situation with AES's. In France, nuclear electricity factories account for 74.6 percent of total energy generation; in South Korea, it is 50.2 percent, in Sweden—45.1 percent, in the FRG—33.9 percent, in Japan—27.8 percent, and in the United States—20 percent. Within the same period of time, Japan intends to double power generation by AES's.

The reader might say: "However, over there everything is better and safer. They demand that our AES's be closed, and promise to help us with funding." Talk is cheap (pardon the uncultured expression). "The standard of future Russian technological solutions for AES safety is not inferior to the best Western developments, and is frequently superior..." This is a quote from official findings. Let me also recall that all our AES's have been inspected by IAEA [International Atomic Energy Agency] experts and found reliable and safe. As far as funding supposedly promised for reconstruction is concerned, so far nobody has given us a kopek, and they hardly will. Their calls "to close down" proceed from hidden benefits for themselves.

Having opened these notes, perhaps subjective in a way, with opinions on paradoxes, I would like to likewise finish with them. Russia became the first country to use the peaceful atom when it started up the AES in Obninsk as early as 1954. To this day, Russia is also the one lacking a law on the use of nuclear energy, which is supposed to provide a legal foundation for the secure development of the industry. However, even this is no reason to go back to kindling, really.

Car Plant Assembly Lines Lack Engines

934E0014A Moscow TRUD in Russian 2 Feb 93
Evening Edition: p 1

[Article by Aleksandr Valeyev: "And the Moskvich Is Worth Its Weight In Gold. Why Have the Conveyors Stopped Again At AZLK and Izhmash?"]

[Text] It seems that the future automobile lover who has gone into debt and dreams of sitting behind the wheel of a new Moskvich will have to wait a while to buy it. The main conveyors of AZLK [the Automotive Plant imeni Leninskiy Komsomol] and Izhmash have ground to a halt. They have no engines, which are delivered to the Moscow and Izhevsk workers by only one plant—in Ufa.

I do not suggest that you look for someone to blame (you will not find anyone anyway) and throw stones at the Ufa workers (that will not bring any more engines). What happened was what had to happen: One more exhausted horse of the market economy has stopped in its tracks. And it is impossible to get by without its help. Workers of the Ufa engine building plant, one of the largest associations of Russia, can assemble whatever you wish, but not out of thin air. There are 400 enterprises of the CIS and nearby foreign countries that are "tied" to the Ufa engine plant, but many of them are categorically refusing to deliver anything to the plant these days. They have but one demand—prepayment, but there is nothing with which to pay. The AZLK and Izhmash owe their Ufa partners no more and no less than a billion plus rubles. And it is all for engines that were delivered a long time ago. The Moscow and Izhevsk workers need engines, and the Ufa suppliers need real money. The result is such that of the 27,500 engines, only 10,500 were assembled in January. And half of those that were assembled are incomplete.

A situation like today's could have occurred last fall as well. Then, by taking out R1.5 billion in credit and paying the suppliers, the plant pulled itself out of a practically hopeless situation. But this money did not last long, just for November-December.

Bonds formed over decades are being severed under the pressure of market relations. First—the money, and everything else can come later. Nobody is interested in the fact that the plant is owed more than it owes others. But does it really? Our financial system is tripping up the Ufa engine builders also. Money transferred to the supplier might simply....not reach him. As early as November, a payment was sent to the Buynak plant for gas pumps. And it is still en route....

It was only after the conveyors stopped that some of the payments "broke through" to the Ufa workers. As the director V. Pishchuk told me yesterday, the plant has begun to produce products again. But this well-being is very, very fragile. The threads that connect hundreds of enterprises of the former Union are so fine that they could break at any moment. There are plenty of alarm signals. They can be heard every month, every day. Just

one example. A couple of years ago an association which had its own aviation department kept a plane in Yaroslavl especially to take a five-kopeck (!) gasket to the conveyor hot off the production line. Today to fly to each supplier for batching items is tantamount to barbarity. If only because then the Moskvich really would be worth its weight in gold.

Independent Air Companies Highlighted

934E0053A Moscow VEK in Russian 15-22 Jan 93 p 8

[Article by Valeriy Geysherik: "There Are 103 Independent Airlines Under Aeroflot's Flag"]

[Text] Aeroflot—the only Soviet airline until recently—has often been cited as a glaring example of monopolism in the Russian economy.

Now Russia has 103 independent airlines—31 state-owned and 72 commercial—in place of the fragmented Aeroflot; 80 of them have already received the appropriate certificates and licenses to operate as international air carriers from the Department of Air Transport of the Russian Ministry of Transport. However, most of them are operating under the Aeroflot flag and do not have the legal basis to operate under their own name yet. They need to obtain recognition from the International Air Routes Association, which in turn requires specific financial fees. There are airlines which have been registered, but they have not begun flights thus far, because they have too many organizational and financial difficulties and problems in training specialists and obtaining equipment. It has not been ruled out that some of them will be "grounded" because of the rapid increase in prices.

Strictly speaking, only the "Aeroflot-Russian International Airlines" Joint-Stock Company based at Sheremetyevo has the legal grounds to bear the Aeroflot name. Up to 50 percent of the company's property (the fleet of aircraft, the infrastructure, the airport, and other assets) will be held by the state for 3 years, and 50 percent will belong to the airline's employees. International air service brought Aeroflot a profit of 18 billion rubles [R] in 1992.

At the same time, domestic air services ended 1992 with a financial loss of R50 billion. The subsidies from the state budget do not cover these losses: only R25 billion were allocated for this purpose. But why has it suddenly become unprofitable to fly despite the recent increase of 24 percent in the rates? The answer is simple: the prices for fuel have risen by 200 percent at the same time. A metric ton of aviation fuel now costs R30,000.

Free prices have been in effect for domestic air routes since 1 January 1993. Officials of the Department of Air Transport stated at a press conference that prices for tickets must be raised by four to six times as much to stop subsidizing the flights.

Does this mean the prices are limitless? The state limits the profitability level of aviation enterprises to 20 percent. This is a minimal level—it is common knowledge that it goes up to 35 percent for other sectors. At the same time, each aviation enterprise can lower prices in a competitive struggle. In the near future, this will not be a rarity if, for example, passengers do not fly from Irkutsk to Moscow on "Baykalavia" aircraft, but those of the Saratov Airline, which will be able to offer lower prices.

Social protection measures are being provided for. Under a draft decree of the Russian Council of Ministers, a list will be made of the categories of persons with low incomes for which local authorities or social security organs are to provide ticket discounts. Allowances for children up to age 12 will be retained.

However, we have to look squarely at the truth: not everyone will be able to afford the new prices—their increase inevitably will lead to a decline in the volume of service. According to Department of Air Transport forecasts, transport volume will decrease by roughly 40 percent in 1993.

Last year the New Year holidays were darkened by the lack of fuel at many airports. Now the fuel problem has become purely a financial one: some refineries are not shipping fuel because of the substantial debt incurred by aviation enterprises for previous deliveries.

And aircraft. Domestic industry will not be able to provide civil aviation with the number of aircraft needed in the years ahead. This is why five A-310 Airbuses were obtained under a lease arrangement for long-distance flights—Moscow to Hong Kong, Bangkok, and Singapore, and through Moscow to Tokyo from Paris, London, and Rome.

The prospects for light aircraft development, especially with the conversion of defense facilities, are good. The two-place multipurpose "Aviatika-890" aircraft being manufactured by the "Aviatika" AO [Joint-Stock Company] is being sold in other countries successfully. It is expected that light executive aircraft will be used extensively in Russia in the years ahead. At the same time, the dismal world statistics—about 500 disasters involving small aircraft in recent years—dictate the need for strict legal standards which ensure absolute flight safety "in the lower airspace," as the pilots say.

In the summer of 1992, Aeroflot was flying to 93 countries. New routes were begun to Chicago, San Francisco, Hong Kong, Dubai, and Thessaloniki, from Magadan to Anchorage, and from Irkutsk to Ulaanbaatar. In 1993, there will be scheduled flights to Australia (there have been only charter flights thus far) and the number of flights to countries in the Near and Middle East will be increased.

Russia's civil aviation will be 70 years old in February 1993. Each year about 120 million passengers and over 2 million metric tons of cargo are being flown for over a

million kilometers. Which means that Russia's civil air fleet faces important tests in its anniversary year.

Molniya-1 Aircraft Mass Production Begins

934E0050A Moscow KOMMERSANT-DAILY
in Russian 30 Jan 93 p 4

[Report by Mikhail Sergeyev: "A Space Firm Has Made Its Debut in the Business Aircraft Market"]

[Text] The "Molniya" Scientific Production Association yesterday announced the start of series production and the acceptance of orders for the six-place "business" aircraft "Molniya-1," which was incorporates a number of unique technical solutions. The prototype successfully completed its flight tests (See KOMMERSANT-DAILY of 22 December). In 1993, it is planned to manufacture 150 aircraft, and negotiations for their sale are being conducted with regional state and privatized aviation enterprises.

The "Molniya-1" aircraft is designed for individual use, for business flights, or to carry small cargoes. The aircraft has a takeoff weight of 1,740 kilograms and a maximum payload of 500 kilograms. It has a cruising speed of 360 kilometers per hour and a range of 1,200 kilometers.

The "Molniya" Scientific Production Association, organized in 1975 to build the "Buran" space shuttle, seeks to extend the range of its output to a family of medium-sized and small aircraft, in which interest is rapidly increasing today.

A distinctive feature of the "Molniya-1" is that it has a triplane design, that is, it has three lifting surfaces, which gives it a great deal of stability and guarantees ease of handling. Tests have confirmed that the aircraft has a high level of safety; despite every effort by its test pilots, they could not induce a spin.

The designing, testing, and preparation for production of the "Molniya-1" were financed by favorable state conversion credits granted to "Molniya" and the series plants, though only the "Molniya" Scientific Production Association has the right to sell the aircraft.

In the words of "Molniya" representatives, negotiations to purchase the aircraft are now being conducted with local airlines in Lipetsk, Perm, Kurgan, and Yekaterinburg, and in Kyrgyzstan], and the State Committee on Socioeconomic Problems in the North is planning to order a special Northern version of the aircraft, equipped with a deicing system and ski landing gear. In the designers' opinion, the "Molniya-1" is capable of taking the place of the heavier and obsolete An-2, which is performing a number of tasks today which it was not designed for: patrolling pipelines and forested areas and carrying small cargoes. In order to enter the international market, preparation is under way to turn out an export model of the "Molniya-1" with a Lycoming engine and flight control and navigation equipment of foreign manufacture.

Series production of the "Molniya-1" has been organized at the Samara State Aviation Enterprise imeni Khru-nichev. Altogether, 150 aircraft will be assembled in 1993—100 in Samara and 50 in Moscow. The price of the aircraft, as of today, ranges from 60 to 120 million rubles (depending on the modifications and equipment installed). Purchasers may receive the first certificated aircraft as early as June 1993 if payment is made in advance.

Telephone number of the "Molniya" NPO [Scientific Production Association] is (095) 497-53-34.

REGIONAL AFFAIRS

Krasnoyarsk Governor Resignation Viewed

PM0202110193 Moscow IZVESTIYA in Russian
30 Jan 93 p 5

[Report by Aleksey Tarasov: "What Lies Behind Resignation of Krasnoyarsk Kray Governor"]

[Text] On 27 January the Russian president signed an edict releasing Arkadiy Veprev, chief of the Krasnoyarsk Kray administration, from the post of governor at his own request. The duties of the kray administration head have been assigned to Valeriy Zubov, deputy head of the kray administration and chief of the main economy administration.

For 30 years Arkadiy Filimonovich Veprev headed the "Nazarovskiy" state farm—the best agricultural enterprise in the USSR. Since 1990 he had worked as chairman of the USSR Supreme Soviet Committee for Agrarian Questions and Food. A year ago by an edict of the Russian president he was appointed head of the Krasnoyarsk Administration.

Veprev's resignation does not simply mean future cadre changes in the management structure for the life of the kray. A period I would call the romantic period ends with his departure: Arkadiy Filimonovich took up the governor's chair thanks to our traditional hopes for a benefactor who, having created a model state farm, would restructure just as brilliantly and swiftly the kray, Krasnoyarsk Kray, which comprises one tenth of the territory of the former USSR, and by its internal division of labor—an agricultural south, an industrial center, and a raw material north—is reminiscent of a large, internally conveniently structured country. The advantageous geographical situation, the large natural resources, the underground storehouses containing the entire periodic table, sociopolitical stability, quite good management cadres—all this on the eve of Gaydar's reforms seemed to give the Krasnoyarsk people quite good trump cards. The kray seemed to be at the starting line in a more advantageous position than many regions of Russia. But with the start of the reforms a rather grave situation took shape in the kray. One example. The cost of a kilogram of butter in January 1992 in the kray center was close to 200 rubles—other Russian territories took

four months to reach that figure. A week ago I bought a kilogram of butter for 1,100 rubles. Again the kray is ahead of other regions. As regards the figures characterizing the progress of reforms, the kray is by no means among the leaders.

One can argue about the specific contribution of the administration head to today's very acute economic contradictions and disproportions and one can debate over whether the production slump could have been even greater—after all the share of the military-industrial complex in the kray's industry is extremely high—and over whether it is so bad when production drops at military enterprises. But it is obvious that the crisis of executive power, which began a long time ago, does not help reforms.

Some of the kray soviet deputies began to speak seriously of the need for Arkadiy Filimonovich's resignation back in June. Too large differences were revealed in approaches toward the solution of many problems between the representative and executive powers. It was not only in the kray soviet that Veprev's activity met with a hostile reception. The Krasnoyarsk elite, the nomenklatura, did not accept him either. In the corridors of power he remained a stranger. Demands for his resignation were also made by the congress of business circles and the political council of the coalition of the kray's democratic parties. The main charge was that he had failed to define a strategy in economic and social policy. By the start of the January session the governor had virtually no obvious allies among the important social forces.

Having heard the very keen criticism leveled against him at the session Veprev said that his resignation statement addressed to Yeltsin—the governor had been appointed by the president and only he had the right to make the final decision regarding the expediency of cadres changes—had been in the Kremlin since 25 December. And later the deputies learned from the night bulletin of the Russian Vesti program that the president had signed the resignation statement.

As an official appointed by the president Arkadiy Filimonovich was obliged to serve as the transmitter of the federal government's policy. Yet there was an urgent need—and not only in Krasnoyarsk Kray—to elaborate regional policy and for the administration heads to defend their territories' interests. Veprev is a manager, a wise Russian peasant who can build and create and is ill-adapted to begging for "royal" gifts for the region. And against a background in which other territories obtained all kinds of exceptional "indulgences," the kray was obviously lagging behind.

Notable in this connection are the summer events in Krasnoyarsk Kray, when the lesser kray soviet for the first time put to the session the question of no confidence in Veprev. At the same time an ultimatum to the federal organs of power appeared with a number of economic demands. If the demands were not met they threatened

in Moscow to assemble a new Siberian congress of deputies of all levels to elaborate measures for the territory's independent withdrawal from the crisis.

Today the kray needs a legitimate executive power. Only such a power will be able to struggle for the decentralization and regionalization of policy. In my opinion these ideas were the hidden agenda to the decision of the kray soviet session to hold elections of the governor 11 April. The nomination of candidates will begin two months before that date.

Of course, elections do not guarantee that the new governor will ensure the stability of the administration's collaboration with the kray soviet and will abandon the luxury of having unbalanced structures of power but hopes are appearing of a more justified choice and also of the successful completion of work on the Krasnoyarsk Kray Charter—a kind of constitution for the kray, which should assign the spheres of activity of the executive and representative powers.

On 28 January, the second day of the session's work, the deputies spoke a lot about the unethical nature of the president's edict confirming cadres changes without any agreement with the kray soviet. And later they resolved almost unanimously to appeal to the Constitutional Court in connection with the unconstitutional nature of the president's edict and decisions concerning the formation of joint-stock companies in the energy complex. The session adopted a decision on the transformation of the "Krasnoyarskenergo" main production into a territorial joint-stock company of the open type. Let me remind you that Krasnoyarsk Kray and Irkutsk Oblast did not agree with the plan proposed by the Russian leadership for the transformation of the energy complex and have been struggling actively for several months now with Moscow for their own energy systems.

Luzhkov's New Year Message to Muscovites

934F0017A Moscow MOSKOV'SKAYA PRAVDA
in Russian 31 Dec 92 pp 1,3

[Message to Muscovites from the Moscow Mayor Yu. Luzhkov: "In Confidence Lies Our Strength"]

[Text] Dear Muscovites!

1992, a year of active implementation of economic reforms, is passing into history. This has been a difficult year in the life of Muscovites, like all Russians. It is no secret that it has been characterized by political instability, an intensification of inflationary processes, a lowering of the population's living standard, and the aggravation of social tension in society. Muscovites have lived and the city government has worked under these difficult sociopolitical and socioeconomic conditions. The city has continued to live vigorously, to work and to develop.

We see our task as satisfying as fully as possible and protecting the interests of all social strata of the capital's population.

There have also been certain results that cannot fail to instill optimism, hopes and confidence.

First of all, the city is proceeding along the path of economic reform in all spheres and all areas. A market infrastructure is being created. Thousands upon thousands of Muscovites have become owners of their apartments, industrial and municipal-service enterprises, and dacha and orchard plots. We are glad that this year it has been possible not only to stabilize but to improve the situation in the construction complex.

This has made it possible to build for Muscovites residential buildings having an area of around 3 million square meters, 1 million of which is for free distribution among families that are on the waiting list, while the rest is for housing-construction cooperatives, enterprises and organization.

In short, many of our citizens will greet the new year in new apartments, and we wish them happiness and prosperity with all our heart. Along with housing for Muscovites, 26 schools, 44 children's institutions, 10 polyclinics, and a number of trade enterprises have been built.

Preparation of the city for winter has been an object of special concern for the government. In a situation in which there is an acute shortage of fuel and energy resources, and many city main lines and systems are worn out, everything necessary has been done to ensure the uninterrupted supply of gas, heat, energy and water to the city, so that it will be warm and comfortable in every Moscow apartment.

Behind this lies great work to build and maintain systems and put additional capacity into operation on existing systems, as well as to commission a new central heat and power station, the construction of which was an object of serious debate and discussion for a long time. If we had not done that, whole residential developments in the northern part of the capital would have been left without heat.

We have been justifiably criticized for the state of roads in the city. We responded to the criticism with deeds, accomplishing a fundamental change in work on putting the surfaces of Moscow's streets into order. Granted, they have by no means been repaired everywhere. But about 14 million square meters of roads has been repaired—that, you will agree, is not a bad result for this year.

The question of the capital's industrial potential, especially that of the food branches connected with the satisfaction of city residents' needs. Bakery No. 17 with a capacity of 83 tonnes of bread a day, a refrigerated storage facility at the Koloss Production Association, and new lines at the Moscow Gelatin Plant have been built, and adjustment work preparatory to start-up is

being completed at the Kreker Dry Breakfasts Plant, as is work on putting new facilities into operation at the Udarnitsa Confectionery Factory.

Despite all the difficulties, the destruction of Moscow's established economic ties with the former union republics and many of the Russian Federation's economic regions, the Moscow government has been doing everything possible to provide Muscovites with food. This year a successful campaign has been carried out to ship in fruit and vegetable products—potatoes, cabbage and root crops—and put them up for winter storage; this campaign has been extremely important to the provision of Muscovites with food. Given good storage, the city has enough of these products to last all the way until the next harvest.

In a situation of incessant prices increases and galloping inflation, which are resulting in a decline in Muscovites' living standard, the Moscow government has seen one of its key tasks to be providing for the social protection of the population, especially of its disadvantaged segments. This year 24.6 billion rubles has been allocated for these purposes, of which nearly R18 million has come from the city budget.

Decisive measures—organizational, material and technical—are being taken in the city to curb crime, which has increased substantially lately and is causing justifiable concern in society. The government is doing everything it can to erect a decisive barrier to the further increase in crime.

I speak of all this not to emphasize the government's merits but only to show the problems and concerns that were at the center of its attention during the past year with regard to supporting the city's vital activities and the life of Muscovites.

We understand that what has been done is only reducing the acuteness of economic and social problems to a minor degree. But believe me, we have done and are doing everything we can to serve Muscovites faithfully.

A new year and new frontiers along the path of economic and social change lie ahead. We have no other path. We are full of confidence and hope that we will greet 1994 with better results, more optimism, more joyfully and confidently.

I would like for such confidence to reign on New Year's Eve in every Moscow home. In confidence lies our strength.

On behalf of the Moscow government, I warmly congratulate all Muscovites on the New Year and from my heart wish prosperity and happiness to every family.

Chief Editor Interviews Moscow Mayor Luzhkov

934C0737A Moscow MOSCOW NEWS in English
No 51, 20-27 Dec 92 p 7

[Interview with Moscow Mayor Yuri Luzhkov by MOSCOW NEWS First Deputy Editor-in-Chief Viktor Loshak: "What Was Happening at the Congress Was Group Madness"]

[Text]

[Viktor Loshak] After the scare at the Congress caused by President Yeltsin's speech and walk-out, you were the only one among that day's speakers at the Congress, to hurl sharp criticism at the people's deputies. Why didn't you join Rutskoy and Skokov or at least the more prudent ministers and the State Prosecutor? The impression was that you were just biding your time before you could have an opportunity to speak out.

[Yuri Luzhkov] What I said were my well-pondered thoughts about the Congress. If the majority of the delegates speak up against the referendum, this means that they invite us to be silent. This means that they are against hearing the opinion of the majority of the nation.

As a matter of fact, I was surprised when I was asked to address the Congress. I had never spoken from that rostrum before. I shy away from politics. It generally has little attraction for a person who is good at some other work. In fact, I have enough problems with my charge, Moscow, as it is.

[Loshak] Are the latest political turmoils in any way connected with the Russian capital's problems?

[Luzhkov] All those squabbles are a hindrance to our economic activities. The people are so excited with the political struggle! In the meantime, the city's problems are piling high and require the attention of the nation's top authorities. The city needs to replenish its shrinking reserves of meat, vegetable oil, butter, and other food items. In my opinion, all those hysterical cries give rise to the government's uncertainty. How can the government be expected to function efficiently afterwards, if the economic managers are turning into politicians? What do we have in store for us?

[Loshak] Judging from our past meetings you were never a great supporter of the current Cabinet.

[Luzhkov] I don't mean to exonerate the Cabinet now as well. Moreover, I have always been a rather uncomfortable partner for Gaydar. (I used to criticize him for failure to understand social problems, and for his attitude towards the investment issue and the defense industry.) I still marvel at his inability to recognize absurdity from the start. For example, the reduction of investment into the building industry entails more problems than benefits. Moscow's government didn't make Gaydar's life easy. We were always outspoken when we had grudges, and often asked him to stop hampering with our work.

[Loshak] Please identify "we".

[Luzhkov] "We" are the economic managers.

[Loshak] To the best of my knowledge, back when you were nominated for the Mayor, you said, when asked about your factional allegiance within the CPSU, that you belonged to the faction of economic managers.

[Luzhkov] I've been such for more than one decade already and understand full well what it takes to train a good manager, particularly of the national economy. I told Boris Yeltsin openly: we support Gaydar, because a newcomer in that post would be too much for us.

[Loshak] The current tendency makes me believe that Gaydar will be yet another "caliph for an hour".

[Luzhkov] Put yourself in his shoes. What is three or five months for a state and its economy? You cannot have results, only some trends. Of course, Gaydar isn't a cute player. He can't and won't get embroiled in an intrigue against the Congress. But look here: the same Congress demanded the dismantling of the old system. Who put the decree through? Gaydar's government! They indeed dismantled that huge old machinery. There's no more State Planning Committee, or centralized supply and price-formation systems. Gaydar was criticized for doing something which was earlier demanded by the people's deputies themselves. They want to take power from the President but allow him to continue his responsibility. What was happening at the Congress was group madness.

[Loshak] But have there been any positive achievements scored in this past year?

[Luzhkov] The economic system was falling to pieces, rather than the economy. Despite the raging inflation, the rouble has started to work. Now earning roubles is no more a senseless occupation. Everything can be bought, on the spot. In the past, I managed a giant association with 20,000 workers. Our enterprise possessed vast sums of money with which nothing could be bought.

[Loshak] How do you manage to reconcile the ambitions and interests of all the national and city authorities on a small patch like Moscow?

[Luzhkov] I believe that the representative authorities at every level strive for power to control without being held responsible for failures. But then again, we had an organization which did precisely that, the CPSU. Did you notice the batch of procommunist demonstrators protesting at the side of St Basil Cathedral who have switched to supporting the Congress?

[Loshak] I see you've been dragged into politics all the same. In the past, when you worked with Gavriil Popov it was perhaps easier for you to stay aloof, wasn't it?

[Luzhkov] Indeed, we didn't hamper with each other's work. Now I believe that Gavriil Popov even purposely created for us an economically conducive political atmosphere.

[Loshak] Whom do you believe to be the No. 1 politician among the Moscow authorities now?

[Luzhkov] Now they have a whole department doing the work Gavriil Popov used to do by himself.

[Loshak] But it is you who are blamed for ignoring political considerations when picking the cadres.

[Luzhkov] To illustrate they point out to the same men: First Deputy Mayor Nikolsky and Prefect Bryachikhin.

[Loshak] And also the new head of Moscow Police Force, Pankratov.

[Luzhkov] Most important for me is the person's actual abilities rather than his past deserts. It is a sad thing that Ryzhkov, Pavlov, and also Gaydar threw out lots of experienced cadres. We had a creeping "cultural revolution" for five years. I believe that the antibureaucracy and anti-nomenklatura struggle has petered out, and now it's the time to see who of the survivors can be still useful for the country. In this connection, I believe that Chernomyrdin was quite correctly restored to his vice-premiership.

[Loshak] The struggle over the new Constitution and amendments to the old Constitution has, I believe, direct bearing on Moscow.

[Luzhkov] I remember the lines before newsstands on the day when the draft of "Brezhnev's Constitution" was published in the press. People's hopes were soured. Now they are clinging to that Brezhnev-Stalin Constitution by means of slightly amending it. The US Constitution was amended only 36 times in 200 years—compare the number of amendments to this country's Constitution within only this year! It is the Congress rather than the President that is trying to make a constitutional coup d'etat here, a coup without armed attacks and shots fired. They want to make the Russian President an equivalent of the British Queen and themselves appoint the government and heads of local administration. Once in the past we tried to have the factory managers elected.

[Loshak] What will befall Moscow if the decomposition of the empire continues?

[Luzhkov] I don't believe in that. The situation is developing towards a civilized state. Simply, our political life today is abnormal, because it is tainted with personal attitudes.

[Loshak] So you are an optimist and believe that a fall-back is impossible.

[Luzhkov] In Moscow alone, 1,300,000 people are employed in the non-governmental economic sector. There are whole industries where private business and

cooperators have the main role to play now—for example, housing and roads repairs. This is a sign of good progress.

[Loshak] Lately you've been frequently seen on TV in the company of the family of the heir to the Russian imperial throne. Are you a monarchist?

[Luzhkov] It isn't the matter of restoring the monarchy, but rather the restoration of Russia's traditional spirit: religion and culture, together with the intelligentsia, creating a link missing since the 1917 Revolution. In the royal family I see a bridge to the people and cultural values that were washed away out of Russia.

[Loshak] What can you say about your presentation on a TV screen, holding a candle in a church? After all, a person's religious beliefs are an intimate sphere.

[Luzhkov] That was indeed too thick. My family try their best to protect my privacy and ward off cinecamera operators. We always turn down requests of being televised. I want my family life for myself.

[Loshak] Perhaps this is a result of your strained relations with the press. I suspect that among the people in power you are holding the record in suing the press.

[Luzhkov] The press has no reason to complain about the Mayor's Office. We backed the IZVESTIA daily and also found a way out of a most complicated crisis with the press publications subscription. Of course, we will continue to fight journalism which is seeking scandal. Though we won all our suits against the press, experience tells us that it is useless to sue the press. The press publishes apologies in such a derisive manner that they hurt more than that which caused the original conflict. They show no responsibility, and freedom without responsibility for what was said or printed is as bad as the reverse of it.

[Loshak] I feel that you are at pains to influence how the image of the Mayor is formed. Are those dips into icy water and football sessions part of your image-building efforts?

[Luzhkov] The image needs to be formed in a most natural way. I love playing football and am going to do it anyway. I hate complicated schemes. My image is being built through the fulfilment of my responsibilities: housing renovation and construction, ensuring of adequate heating of people's homes, as well as supplying potatoes and rails and through help to the cultural sphere.

[Loshak] Have you ever felt an urge to resign as Mayor?

[Luzhkov] Never.

[Loshak] But you must agree that some dirt from each bribes extortion and corruption scandal involving Moscow city bureaucrats rubs off on you.

[Luzhkov] You see, the general line of policy in regard to officialdom must be respect rather than baiting. No state can exist without its bureaucrats. I agree that there must be as few of them as possible. In the ideal, four conditions must be observed here: the documents must be explicitly worded, to exclude the possibility of stretching their meaning; bureaucrats' jobs must be highly paid and include certain other benefits; they also must fear losing their jobs; and their initiative must be rewarded extra.

[Loshak] I understand that you have two Yeltsin portraits in your office. But how can you explain the sculptural image of the head of late Marshal Zhukov?

[Luzhkov] At present we are working on his memorial. I am acquainted with the project. The statue will be put up in Manezh Square, near the History Museum. I think that all Russians, especially the WWII veterans, will approve of the project.

[Loshak] How do you visualize your future?

[Luzhkov] Everything is so unsteady here. I love my work but don't dread losing it. I don't smoke or drink alcohol. But I'm addicted to work. I would very much like to be able to keep my job at least until the current five-year term of contract on that elected post expires. I would be able to accomplish a lot had others not been hampering my work. There's so much work to do: to pretty up the downtown, build civilized dwellings for people in more sparsely-situated blocks, create a children's wonderland in Mnevniky, and give the Muscovites order and calm. But this is a separate subject. [Box, p 7]

MN File

Yuri Luzhkov was born in Moscow into a family of a carpenter, on September 21, 1936. In 1958 he graduated from the Gubkin Oil Institute in Moscow. While a student he also took odd jobs at a local housing management bureau. After graduation he got an appointment to a job at the R&D Institute of Plastics and climbed the career ladder up to the head of the laboratory. A man of conspicuous organizational talent, he was offered a job as a department head at the USSR Ministry of Agrochemistry. He was with the Ministry for 22 years (including six years as the head of the Neftekhimavtomatika Production Association, and, since 1976, as the head of the Ministry's Science and Technology Department; he was also a Member of the Ministry's Collegium).

In 1975, he was elected a member of the Babushkinsky District (Moscow) Council. In 1977, he became a member of the Moscow City Council. In 1978, he was elected a people's deputy of the Russian Federation Supreme Soviet. In 1987 he came to chair the Moscow Agroindustrial Committee, and also took the post of the First Vice-Chairman of the Moscow City Council Executive Committee. In 1990 he became chairman of the Moscow Executive Committee, and on June 12, 1991 he was elected Moscow Vice-Mayor. After the August 1991 events, he became a member of the Committee for Current Management of the Russia's National Economy

(he was responsible for the agro-industrial complex, trade, foreign economic contacts, and the social sphere). Since Gavriil Popov's resignation in the summer of 1992, he has been Moscow's Mayor.

Moscow Mayoral Candidate Krasnov's Campaign Activity Noted

934F0002A Moscow NEZAVISIMAYA GAZETA
in Russian 11 Jan 93 p 2

[Article by T.Zh.: "Krasnov Inviting Publicity"]

[Text] The question still is not clear as to whether or not mayoral elections will take place in Moscow. In the meantime, we see a certain whirlwind involving the courts, procuratorial protests, and statements from the mayor's office and the Moscow City Soviet replete with mutual accusations. A single, solitary figure is outlined quite clearly against this murky background—that of Aleksandr Krasnov, candidate for mayor and chairman of the Krasnopresnenskiy Rayon Soviet, whose pre-election activity is growing day by day. Expressing an unremitting concern for Muscovites, Krasnov bombards the mass media twice per week with protests, open letters, and statements, the latest of which was dedicated to the closing of the 32d Hospital in Krasnopresnenskiy Rayon which, by decision of the Moscow government, will be outfitted as a hospice. Krasnov contends that this decision was not coordinated with the rayon authorities.

Moscow Procurator on Fight Against Crime, Corruption

934F0002B Moscow MOSKOVSKAYA PRAVDA
in Russian 24 Dec 92 p 3

[Article by G. Ponomarev, Moscow procurator, under the "Commentary of the Week" rubric: "It Is Impossible To Curb the Growth of Crime Without Advances in the Economy"]

[Text] The Congress of People's Deputies, which roused such heated emotions, has ended. I am not about to offer any evaluation of it here, but it is necessary, in my view, to say a few words about the decree that it adopted, "On the State of Legality and the Fight Against Crime and Corruption." This is a well-grounded document which touches upon the painful issues in the activity of law enforcement organs. It places the accent in precisely the right places and cites the reasons which have facilitated the growth of crime. The sharp segmentation of society with respect to assets, significantly lowered standard of living for a great number of people, and of course, the poor state of technical outfitting of the law enforcement organs themselves, in addition to their inadequate professionalism—this is where the heart of our problems lies. In considering the decree of the Congress, we must also realize that the Russian Federation Supreme Soviet will now have to adopt a number of significant legal acts in the very near future. Will it be able to hold the required pitch?

But this is not even the most important thing. Is it possible to implement the adopted decree? This depends on a very great many factors, first and foremost—political-economic ones. We have already had too many of these “pretty” documents. The CPSU Central Committee knew quite well how to compose them, too, incidentally. They are deficient in one aspect, albeit an aspect that entirely cancels all the previously cited pluses—they are simply pronouncements made for effect. We are told: Let us work better. But how? Everything costs money, after all. And there is no money.... But in that case it is hardly appropriate to indulge in self-consolation. We will see results only when we manage to bolster the proper appeals with material-technical support.

If we stabilize the economy and restrain political passions, criminal elements will react to this instantaneously. But now, according to data in my possession, there are instances where entire detachments of militia organs do not go out to work at all. Or they go out but do not know what to do—for in this system, in addition to everything else, a painful reorganization is under way which has gripped it by the throat. More and more frequently, Muscovites come to us at the procuracy—people who have been “tossed aside” by the militia, told to protect themselves from robbers and perpetrators of violence....on their own. We know of instances where a kind of “deal” has been proposed to a crime victim: Well, if you want us to find the thief—pay up!

As far as the activity of the procuracy is concerned, it is very difficult for us to exercise our authority under conditions of the perverted double standard of regulation we see today. Let us look the truth in the face: The conflict between executive and legislative authority, and the confrontation among the normative acts they are adopting, create the foundation for abuses and that very same corruption the Congress decree talks about fighting. Attempts to reconcile the warring sides are only aggravating the conflict.

It is precisely for this reason that I am not certain that the decree of the Russian Federation Congress of People's Deputies “On the State of Legality and the Fight Against Crime and Corruption” will succeed in being implemented.

Moscow Mayoral Candidate Borovoy's Election Platform Detailed

934F0002C Moscow NEZAVISIMAYA GAZETA
in Russian 22 Jan 93 p 2

[Article by Indira Dunayeva: “Protest Means Nothing to the Parties—The Economic Freedom Party and Constitutional Democratic Party Nominate Candidates for Mayor”]

[Text] In spite of the protest of Moscow procurator Gennadiy Ponomarev, the Moscow City Soviet is fully resolute in its intention to conduct elections of the mayor of Moscow, and the parties—to conduct an election

campaign. On 20 January, Konstantin Borovoy, leader of the Economic Freedom Party (PES), and Mikhail Astafyev, leader of the Constitutional Democratic Party, were nominated. Perhaps the programs of all the candidates come down to one thing—the intention to fight crime in the city.

Astafyev considers it a necessary step to effect conversion to municipal property and on this basis to establish about 10 competing corporations.

Konstantin Borovoy considers it necessary to effect privatization of real estate and land. In this regard, not more than 30 percent of the property must remain in the hands of the Moscow administration. “The officials will not be able to control everything,” Konstantin Natanovich stated—“30 percent, and that is the largest such figure in the world.” He also intends to decentralize food distribution: “The administration must not be engaged in trade. Up until now, instead of a wholesale base network, we have had an ineffective, centralized distribution system in operation.”

In the event that Borovoy is victorious, the mayoralty will comprise a kind of coalition system of authority, taking the interests of diverse social groups and political parties into account. While Mikhail Astafyev is already proposing that some kind of convention be concluded among the candidates for mayor whose programs are similar—on mutual assistance, establishment of common programs and teams, and on cooperation in general in the election campaign phase.

The Political Council of the PES has decided to spend a maximum of R500 million [rubles] on the election campaign. The Constitutional Democratic Party has not stipulated any specific amount.

INTERNATIONAL AFFAIRS

State Customs Committee Order on Export Duties

934E0007A Moscow EKONOMIKA I ZHIZN
in Russian No 52 Dec 92, Nos 1, 2, 3 Jan 93

[Order published in four installments of the State Customs Committee of the Russian Federation: “Order dated 11 December 1992, Moscow, No. 603: On Rates of Export Duties Introduced as of 1 January 1993”]

[No 52 Dec 92 p 18]

[Text] In keeping with the procedure established by Edict of the President of the Russian Federation of 14 June 1992, No. 629, and Decree of the Government of the Russian Federation of 30 June 1992, No. 461

1. To enact effective 1 January 1993 the rates of the export duty tariff for the shipment of goods outside the Russian Federation in keeping with the appendix to the present order.

2. To declare invalid the following orders of the State Customs Committee of the Russian Federation:

—No. 220 of 24 June 1992, "On Enactment of the Edict of the President of the Russian Federation, No. 629, of 14 June 1992" (only Point 2, which contradicts the present order), that is, Appendix No. 2,

—No. 330 of 12 August 1992, "On Amending the Order of the State Customs Committee of Russia of 24 August 1992, No. 220,"

—No. 366 of 20 August 1992, "On Amending the Products List of the Export Tariff,"

—No. 368 of 24 August 1992, "On Amending the Products List of the Export Tariff,"

—No. 392 of 2 September 1992, "On Amending the Products List of the Export Tariff,"

—No. 478 of 22 October 1992, "On Amending the Products List and Rates of the Export Tariff,"

—No. 395 of 11 September 1992, "On Amending the Products List of the Export Tariff,"

—No. 541 of 16 November 1992, "On Changing the Rates of Export Duties for Certain Goods,"

—No. 547 of 17 November 1992, "On Amending the Products List and Rates of the Export Tariff."

[Signed] Chairman of the State Customs Committee of the Russian Federation A.S. Kruglov

Appendix

List of individual goods subject to export duties when shipped from the territory of the Russian Federation (rates of export tariff)¹

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
		I	II
GROUP 1			
01	Live animals	15%	22.5%
GROUP 2			
02 (except commodity sub-positions 0207-0208)	Meat and edible meat byproducts	70%	105%
GROUP 3			
03	Fish and crustaceans and other aqueous invertebrates, including:	10%	15%
030191000	Live trout	20%	30%
030211000	Refrigerated trout	20%	30%
030321000	Frozen trout	20%	30%
030410110	Trout filet	20%	30%
030420110	Frozen trout filet	20%	30%
030549400	Smoked trout	20%	30%
030192000	Live eel	20%	30%
030266000	Refrigerated eel	20%	30%
030376000	Frozen eel	20%	30%
030549500	Smoked eel	20%	30%
030199100	Live salmon	20%	30%
030212000	Refrigerated salmon	20%	30%
030310000	Frozen Pacific Ocean salmon	20%	30%
030322000	Frozen Atlantic and Danube salmon	20%	30%
030410130	Fresh or refrigerated salmon filet	20%	30%
030420130	Frozen salmon filet	20%	30%
030530300	Dried, salted, or pickled but not smoked salmon	20%	30%
030541000	Smoked salmon	20%	30%
030270000	Liver, caviar, milt	20%	30%
030380000	Frozen liver, caviar, milt	20%	30%
030520000	Salted liver, caviar, milt	20%	30%

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
0306	Crustaceans	25%	37.5%
0307	Mollusks	25%	37.5%
GROUP 4			
04 (except commodity subposition 040)	Milk and dairy products; eggs; natural honey; food products of animal origin not named elsewhere	15%	22.5%
GROUP 5			
05	Products of animal origin not named elsewhere	15%	22.5%
including:			
050400000	Intestines, bladders, and stomachs of animals (except fish), whole or in pieces	70%	105%
051000000	ambergis, beaver spray, civet, and musk; Spanish fly; bile, including dried; glands and other products of animal origin used in the production of pharmaceuticals fresh, refrigerated, frozen, or processed in other ways for short-term storage	70%	105%
GROUP 9			
09	Coffee, tea, mate (Paraguayan tea), and spices	20%	30%
GROUP 10			
10	Grain for food	70%	105%
GROUP 11			
11	Products of the milling-cereal industry; malt; starch, inulin; edible gluten	15%	22.5%

¹ For purposes of application of rates of the export tariff commodities are designated exclusively by the code of the Commodity List for Foreign Economic Activity; the short name of the commodity is given only for convenience.

² The rates given in the second (right-hand) column are applied for calculating the amount of the export duty when commodities are shipped within the framework of commodity exchange (barter) operations in keeping with Point 3 of Edict of the President of the Russian Federation of 14 June 1992, No. 629.

[No 1 Jan 93 pp 22-23]

[Text]

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
		I	II
GROUP 12			
12 (except commodity subpositions 1209, 1212-1214), including	Oil-bearing seeds and fruits; other seeds, fruits, and grains; medicinal plants and plants for industrial purposes; straw and forage	15%	22.5%
	Flour and meal from seeds and fruits of oil-bearing crops, except mustard seeds	70%	105%
GROUP 15			
15	Fats and oils of animal or vegetable origin; products of their decomposition; prepared food fats; waxes of animal or vegetable origin, including	15%	22.5%
1512	Sunflower, safflower, or cottonseed oil and their fractions, unrefined or refined but without changing their chemical composition	70%	105%

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
GROUP 16			
16	Items made of meat, fish, or crustaceans, mollusks, or other aqueous invertebrates, including:	15%	22.5%
160100	Sausage and similar products made of meat, meat byproducts, or blood; food products manufactures on their basis	20%	30%
1604	Prepared or preserved products from fish; sturgeon caviar (black caviar) or caviar substitutes manufactured from the roe of other fish	20%	30%
GROUP 17			
17	Sugar and confectionery items made of sugar, including:	15%	22.5%
1701	Cane and beet sugar or chemically pure sucrose, solid	70%	105%
GROUP 18			
18	Cacao and products made from it	20%	30%
GROUP 19			
19	Items made from cereal grains, flour, starch, and milk; flour confectionery items	15%	22.5%
GROUP 20			
20 (except commodity sub-sub-position 200970)	Products from processing vegetables, fruits, nuts, or other parts of plants	15%	22.5%
GROUP 21			
21 (except commodity sub-sub-position 210220190)	Various other food products	15%	22.5%
GROUP 22			
22 (except commodity sub-sub-positions 220720000, 220900), including	Alcoholic and nonalcoholic beverages	15%	22.5%
220890310	Vodka in containers of 2 liters and less	150 ECU's	225 ECU's
220890390	Vodka in containers of 2 liters and more	150 ECU's	225 ECU's
GROUP 23			
23	Residuals and byproducts of the food industry; prepared feeds for animals	15%	22.5%
GROUP 25			
250100	Salt (including table salt and denatured salt) and pure sodium chloride, dissolved or not dissolved in water	3 ECU's	4.5 ECU's
250200000	Iron pyrite, unroasted (pyrite)	3 ECU's	4.5 ECU's
2503	All kinds of sulfur except sublimated, precipitated, or colloidal	5 ECU's	7.5 ECU's
2504	Natural graphite (85-90%C)	100 ECU's	150 ECU's
2505	All kinds of natural sand, colored or uncolored, except sand with a metal content of group 26	1 ECU	1.5 ECU's
2506	Quartz (except from natural sand); quartzite coarsely crushed or uncrushed, cut or not cut or made into blocks or rectangular (including square) slabs by some other method	3 ECU's	4.5 ECU's
250700	Kaolin and other kaolin clays, calcinated or uncalcinated	4 ECU's	6 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
2508	Other clays (not including expanded clays of position 6806), andalusite, cyanite, sillimanite, calcinated or uncalcinated; mullite; fireclay or dinas brick	6 ECU's	9 ECU's
2509	Chalk	3 ECU's	4.5 ECU's
2510	Natural potassium phosphates, natural aluminum-potassium phosphates or phosphate chalk	5 ECU's	7.5 ECU's
251020000	Pulverized (only apatite)	2 ECU's	3 ECU's
2513	Pumice; emery; natural corundum and other natural abrasive materials, thermal processed or not	8 ECU's	12 ECU's
251400000	Shale coarsely crushed or not crushed, cut or not cut, or divided by some other method into rectangular (including square) blocks or slabs	6 ECU's	9 ECU's
2515	Marble, travertine (lime tuff), ekausine, and other limestone	30 ECU's	45 ECU's
2516	Graphite, porphyry, basalt, sandstone, and other rock for monuments or construction, coarsely crushed or not crushed, cut or not cut, or divided by some other method into rectangular (including square) blocks or slabs	14 ECU's	21 ECU's
2518	Dolomite calcinated or uncalcinated; dolomite coarsely crushed or cut or divided by some other method into rectangular (including square) blocks or slabs	2 ECU's	3 ECU's
2519	Natural magnesium carbonate (magnesite); smelted magnesium; burnt (agglomerated) magnesium containing or not containing small quantities of other oxides added before agglomeration; other magnesium oxides, with or without impurities	30 ECU's	45 ECU's
2523	Portland cement, alumina cement, slag cement, supersulphate cement, and analogous hydraulic cements, uncolored or colored, prepared or in the form of clinkers	1 ECU	1.5 ECU's
2525	Mica, including chips, mica oxides	15 ECU's	22.5 ECU's
2526	Natural steatite, coarsely crushed or uncrushed, cut or uncut, or divided by some other method into rectangular (including square) blocks or slabs; talc	20 ECU's	30 ECU's
252700000	Natural cryolite; natural chiolite	80 ECU's	120 ECU's
2528	Natural borates and their concentrates (calcinated or uncalcinated), except borates derived from natural brines; natural boric acid, containing no less than 85 mass. % NZVOZ in dry product	60 ECU's	90 ECU's
2529	Feldspar; leucite; fluorite, except nepheline	8 ECU's	12 ECU's
253090000 (only brucite)	Others	2.5 ECU's	3.75 ECU's
GROUP 26			
2601	Iron ores and concentrates, including burnt iron pyrite	1 ECU	1.5 ECU's
260200000	Manganese ores and concentrates	8 ECU's	12 ECU's
260300000	Copper ores and concentrates	100 ECU's	150 ECU's
260400000	Nickel ores and concentrates	250 ECU's	375 ECU's
260700000	Lead ores and concentrates	100 ECU's	150 ECU's
260800000	Zinc ores and concentrates	250 ECU's	375 ECU's
261000000	Chromium ores and concentrates	5 ECU's	7.5 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
261100000	Tungsten ores and concentrates	500 ECU's	750 ECU's
261210	Uranium ores and concentrates	4,000 ECU's	6,000 ECU's
261220	Thoron ores and concentrates	800 ECU's	1,200 ECU's
261400	Titanium ores and concentrates	200 ECU's	300 ECU's
261510000	Zircon ores and concentrates	160 ECU's	240 ECU's
261590100	Niobium and tantalum ores and concentrates	16,000 ECU's	24,000 ECU's
261590900	Vanadium ores and concentrates	900 ECU's	1,350 ECU's
261610000	Silver ores and concentrates	80,000 ECU's	120,000 ECU's
261690000	Ores and concentrates of other precious ores and metals	4,000 ECU's	6,000 ECU's
261700000	Other ores and concentrates	200 ECU's	300 ECU's
261900	Slag, dross (except granulated slag), scale, and other byproducts of iron and steel production	40 ECU's	60 ECU's
262011000	Hard zinc (zinc and iron alloy)	12 ECU's	18 ECU's
262019000	Others	12 ECU's	18 ECU's
262020000	Containing mainly lead	12 ECU's	18 ECU's
262030000	Containing mainly copper	12 ECU's	18 ECU's
262040000	Containing mainly aluminum	8 ECU's	12 ECU's
262050000	Containing mainly vanadium	60 ECU's	90 ECU's
262090100	Containing mainly nickel	30 ECU's	45 ECU's
262090200	Containing mainly niobium and tantalum	1,500 ECU's	2,250 ECU's
262090300	Containing mainly tungsten	60 ECU's	90 ECU's
262090400	Containing mainly tin	30 ECU's	90 ECU's
262090500	Containing mainly molybdenum	120 ECU's	180 ECU's
262090600	Containing mainly titanium	120 ECU's	180 ECU's
262090700	Containing mainly antimony	120 ECU's	180 ECU's
262090800	Containing mainly cobalt	120 ECU's	180 ECU's
262090910	Containing mainly zircon	120 ECU's	180 ECU's
GROUP 27			
270111100	Anthracite containing volatile substances (converted to dry substances) not more than 10 % mass	1 ECU	1.5 ECU's
270111900	Other Anthracite	2 ECU's	3 ECU's
270112100	Bituminous coking coal	4 ECU's	6 ECU's
270119000	Other coal	1 ECU	1.5 ECU's
270400	Coke and semi-coke from hard coal, including	8 ECU's	12 ECU's
270400190 (only coke culm)	Others ³	1 ECU	1.5 ECU's
270500000	Gas—coal, water, generator, and similar gases except petroleum gases and other gas-forming hydrocarbons	16 ECU's	24 ECU's
2707	Oils and other products of high-temperature distillation of hard coal resins, including:	60 ECU's	90 ECU's
270710	Benzene	80 ECU's	120 ECU's
270720	Toluene	80 ECU's	120 ECU's
270730	Xylene	65 ECU's	102.5 ECU's
270750990	Others	23 ECU's	34.5 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
270760	Phenol	100 ECU's	150 ECU's
270760100	Cresols	15%	22.5%
270900	Crude oil (including gas condensate)	30 ECU's	45 ECU's
271000210	White spirit	40 ECU's	60 ECU's
271000250	Other special gasolines	40 ECU's	60 ECU's
271000310	Aircraft fuel	40 ECU's	60 ECU's
271000330	Other engine gasolines containing no more than 0.013 grams per liter of lead	40 ECU's	60 ECU's
271000350	Other engine gasolines containing no more than 0.013 grams per liter of lead	40 ECU's	60 ECU's
271000390	Other light fractions	40 ECU's	60 ECU's
271000410	Medium distillates for specific refining processes	30 ECU's	45 ECU's
271000450	Medium distillates for chemical transformations	30 ECU's	45 ECU's
271000510	Jet fuel	40 ECU's	60 ECU's
271000550	Other kerosene	40 ECU's	60 ECU's
271000610	Gas oils (diesel fuels) for specific refining processes	30 ECU's	45 ECU's
271000650	Gas oils (diesel fuels) for chemical transformations in processes not indicated in sub-sub-position 271000610	30 ECU's	45 ECU's
271000690	Gas oils (diesel fuels) for other purposes	30 ECU's	45 ECU's
271000710	Liquid fuels (fuel oil) for special refining processes	15 ECU's	22.5 ECU's
271000750	Liquid fuels (fuel oil) for chemical transformations in processes not indicated in sub-sub-position 271000710	15 ECU's	22.5 ECU's
271000790	Liquid fuels (fuel oil) for other purposes	15 ECU's	22.5 ECU's
271000910-271000990	Lubricating oils	23 ECU's	34.5 ECU's
2711	Petroleum gases and other gas-forming hydrocarbons ⁴	18 ECU's	27 ECU's
2712	Petroleum vaseline (petrolatum), paraffine, petroleum microcrystalline wax, slack wax, ozocerite, lignite wax, peat wax, other mineral waxes, and similar products obtained as a result of synthesis or other processes, colored or uncolored. ⁵	30 ECU's	45 ECU's
GROUP 28			
280300	Carbon (soot and other forms of carbon not mentioned elsewhere)	20 ECU's	30 ECU's
2805	Alkali and alkali earth metals	500 ECU's	750 ECU's
280511000	Sodium	100 ECU's	150 ECU's
280519000	Lithium	5,000 ECU's	7,500 ECU's
280521000	Calcium	500 ECU's	750 ECU's
280522000	Strontium and barium	2,400 ECU's	3,600 ECU's
280530	Rare earth metals, scandium and yttrium in pure form, mixtures, and alloys	10,000 ECU's	15,000 ECU's
including			
280530100	Mixtures or alloys	1,000 ECU's	1,500 ECU's
280540	Mercury	300 ECU's	450 ECU's
280910000	Phosphorus oxide (V)	100 ECU's	150 ECU's
281121000	Carbon dioxide	8 ECU's	12 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
281122000	Silicon dioxide	30 ECU's	45 ECU's
281123000	Sulfur dioxide	20 ECU's	30 ECU's
281310000	Carbon sulfide (IV)	80 ECU's	120 ECU's
2814	Ammonia	4 ECU's	6 ECU's
2815	Sodium hydroxide (caustic soda, soda ash), potassium hydroxide (caustic potash); sodium and potassium peroxides	10 ECU's	15 ECU's
2816	Magnesium hydroxide and peroxide, strontium and barium oxides, hydroxides, and peroxides	50 ECU's	75 ECU's
281700000	Zinc oxide, zinc peroxide	150 ECU's	225 ECU's
2818	Artificial corundum of determined or undetermined chemical content, aluminum oxide; aluminum hydroxide except in position 2818000	50 ECU's	75 ECU's
2819	Chromium oxides and hydroxides	50 ECU's	75 ECU's
2820	Manganese oxides	250 ECU's	375 ECU's
282110000	Iron oxides and hydroxides	80 ECU's	120 ECU's
282200000	Cobalt oxides and hydroxides; industrial cobalt oxides	6,000 ECU's	9,000 ECU's
282300000	Titanium oxides	250 ECU's	375 ECU's
282410000	Lead oxide	80 ECU's	120 ECU's
2825	Hydrazine and hydroxylamines, their inorganic salts; other inorganic elements, other metal oxides, hydroxides, peroxides	160 ECU's	240 ECU's
2830	Sulfides, polysulfides	35 ECU's	52.5 ECU's
2831	Dithionites and sulfoxylates	35 ECU's	52.5 ECU's
2832	Sulfites; thiosulfates	35 ECU's	52.5 ECU's
2834	Nitrites; nitrates	35 ECU's	52.5 ECU's
283421000	Potassium nitrate	6 ECU's	9 ECU's
283410	Sodium nitrite	2 ECU's	3 ECU's
2835	Phosphinates (hypophosphites), phosphonates (phosphites), phosphates and polyphosphates	10 ECU's	15 ECU's
283525	Calcium hydroorthophosphate (dicalcium phosphate)	5 ECU's	7.5 ECU's
2836	Carbonates; peroxocarbonates (percarbonates); industrial ammonium carbonate containing ammonium carbonate	10 ECU's	15 ECU's
2837	Cyanides, cyanide oxides, complex cyanides	160 ECU's	240 ECU's
283720000	Complex cyanides	100 ECU's	150 ECU's
283800000	Fulminates, cyanates, and thiocyanates	80 ECU's	120 ECU's
2839	Silicates; silicates of industrial alkali metals	16 ECU's	24 ECU's
2840	Borates; peroxoborates (perborates)	20 ECU's	30 ECU's
2841	Salts of oxometallic and peroxometallic acids	15%	22.5%
2842	Salts of inorganic acids or peroxy acids except azides, and others	15%	22.5%
284700000	Hydrogen peroxide, hydrogenated or unhydrogenated with urea	15%	22.5%
284910000	Calcium carbide	270 ECU's	405 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
GROUP 29			
29	Organic chemical compounds	15%	22.5%
including			
290122000	Propylene	70%	105%
290220	Benzene	80 ECU's	120 ECU's
290230	Toluene	80 ECU's	120 ECU's
290241000-290243000	Xylenes	65 ECU's	97.5 ECU's
290244	Xylene isomer mixtures	60 ECU's	90 ECU's
290250000	Styrene	100 ECU's	150 ECU's
290260000	Ethylbenzene	50%	75%
290511000	Methanol	4 ECU's	6 ECU's
290513000	1-butanol (n-butyl alcohol)	70%	105%
290516100	2-ethylhexan-1-ol	45%	67.5%
2907	Phenols, phenol alcohols	100 ECU's	150 ECU's
290820000	Derived phenols and phenol alcohols containing only sulfa groups, their salts, and compound ethers	80 ECU's	120 ECU's
291411000	Acetone	50 ECU's	75 ECU's
291631000	Salts of benzoic acid	5%	7.5%
291811000	Salts of lactic acid	5%	7.5%
291821000	Salts of salicylic acid	5%	7.5%
291822000	Salts of o-acetylsalicylic acid	5%	7.5%
2920	Salts of other compound ethers of inorganic acids	5%	7.5%
2921	Salts of compounds with amino functions	5%	7.5%
293212000	2-furaldehyde (furfural)	50%	75%
2936	Provitamines and vitamins, natural and synthesized (including natural concentrates), their derivatives used mainly as vitamins, and mixtures of these compounds, including in any solvent	5%	7.5%
2937	Hormones, natural and synthesized; their derivatives used mainly as hormones; steroids, others used mainly as hormones	5%	7.5%
2939	Alkaloids of vegetable derivation, natural or synthesized, their salts, simple and complex ethers; derived, others	5%	7.5%
2941	Antibiotics	5%	7.5%
GROUP 30			
30	Pharmaceutical products, including	5%	7.5%
3005	Wadding, gauze, bandages, and similar items	15%	22.5%
GROUP 31			
3102	Fertilizers, mineral or chemical nitrogen ⁶	10 ECU's	15 ECU's
310210	Urea, including in aqueous solution	7 ECU's	10.5 ECU's
310230	Ammonium nitrate, including in aqueous solution	10 ECU's	15 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
3103	Fertilizers, mineral or chemical phosphorus	8 ECU's	12 ECU's
3104	Fertilizers, mineral or chemical potassium	5 ECU's	7.5 ECU's
3105	Fertilizers, mineral or chemical containing two or three nutritive elements: nitrogen, phosphorus, potassium; other fertilizers; commodities indicated in the present group in tablets or other analogous forms or in packages with mass net weight not exceeding 10 kg	6 ECU's	9 ECU's
GROUP 34			
3403	Lubricant materials	23 ECU's	34.5 ECU's
GROUP 39			
3911	Petroleum resins, coumarone resins	60 ECU's	90 ECU's
GROUP 40			
40	Rubber and rubber items, including	3%	4.5%
4001	Natural rubber, balata, guttapercha, guayule, chicle, and similar natural resins in primary form or in slabs, sheets, or strips	300 ECU's	450 ECU's
4002	Synthetic rubber or factice obtained from oils in primary form or in slabs, sheets, or strips; mixtures of the products indicated in commodity position 4001 and products of this commodity position in primary form or in slabs, sheets, or strips	65 ECU's	97.5 ECU's
400300000	Devulcanized rubber (regenerate or regenerated rubber) in primary form or in slabs, sheets, or strips	65 ECU's	97.5 ECU's
4005	Loaded, unvulcanized rubber in primary form or in slabs, sheets, or strips	120 ECU's	180 ECU's
GROUP 41			
4101	Hides of cattle or animals of the equine family (raw or brined, dry, ashed, pickled, or preserved by some other method but not tanned, not made into parchment, and not further processed), with or without coat of hair, split or not split	130 ECU's	195 ECU's
4102	Hides of sheep and lambs (raw or brined, ashed, pickled, or preserved by some other method but not tanned, made into parchment or further processed) with coat of wool or without coat of wool, split or not split except those named in Note 1(c) to the given group	100 ECU's	150 ECU's
4103	Other kinds of leather raw material (raw or brined, dried, ashed, pickled, or preserved by some other method but not tanned, made into parchment, or further processed), with coat of hair or without coat of hair, split or not split, except for kinds excluded by Note 1(b) or 1(c) to the given group	70 ECU's	105 ECU's
4104	Leather from cowhide or hides of animals of the equine family, without hair coat, with the exception of leathers classified in commodity positions 4108 and 4109	250 ECU's	375 ECU's
4105	Leather made of sheepskins and lambskins without wool coat except leather classified in commodity positions 4108 and 4109	240 ECU's	360 ECU's
4106	Leather made of goat hide (goat skins) or kidskins (without coat of hair), excepts skins classified in commodity positions 4106 and 4109	240	360

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
		I	II
4107	Leather from skins of other animals without coat of hair, except those classified in commodity positions 4106 and 4109	240 ECU's	360 ECU's
410800	Chamois leather (including formaldehyde-chamois tannage)	240 ECU's	360 ECU's
410900000	Patent leather; metallized leather	500 ECU's	750 ECU's

1. For purposes of application of rates of the export tariff commodities are designated exclusively by the code of the Commodity List for Foreign Economic Activity; the short name of the commodity is given only for convenience.

2. The rates given in the second (right-hand) column are applied for calculating the amount of the export duty when commodities are shipped within the framework of commodity exchange (barter) operations in keeping with Point 3 of Edict of the President of the Russian Federation of 14 June 1992, No. 629.

3. Coke culm—rock coal that has been through the coking process with particles of up to 6-10 mm.

4. With a particular amount of export duty for natural gas or other products in the gaseous state, the conversion of the volume of the exported commodity is based on the fact that 1,150 cubic meters of gas is equal to 1,000 kg.

5. Slack wax is not subject to export duty. Slack wax is understood to be the substance obtained in the process of deparafinization of petroleum products from which paraffine is separated (mixture of solid saturated hydrocarbons with the composition C18-C35).

6. Ammonium sulfate (commodity sub-sub-position 310221000) is not subject to export duty.

[No 2 Jan 93 p 23]

[Text]

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
		I	II
GROUP 41			
411000000	Cuttings and other scraps of natural or artificial leather unsuitable for production of leather items; leather dust, powder, and meal	8 ECU's	12 ECU's
411100000	Artificial leather based on natural leather or leather fibers, in plates, sheets, or strips in rolls or not in rolls	100 ECU's	150 ECU's
GROUP 44			
44	Wood and items made from it; charcoal	10%	15%
including			
4403	Unprocessed wood materials, with or without bark, rough cut or not cut, including:	8 ECU's	12 ECU's
440391000-440399	Others ⁷	6 ECU's	9 ECU's
4407	Wood materials cut lengthwise or split, chips, peeled, dressed or not dressed	8 ECU's	12 ECU's
4409	Lumber (including parquet planks and unassembled friezes) in the form of profiled molding (with ridges, holes, grooved, with trimmed edges, with joints in the form of semicircular hollows, tooled, rounded, etc.)	35 ECU's	42.5 ECU's
4410	Chip board slabs	5 ECU's	7.5 ECU's
4411	Fiber board slabs	10 ECU's	15 ECU's
4412	Plywood, laminated wooden panels, and similar materials made of laminated wood	15 ECU's	22.5 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
441300000	Pressed wood in the form of slabs, blocks, bars, or profiled items	10 ECU's	15 ECU's
GROUP 47			
47	Paper mass made of wood; paper and cardboard wastes and scrap paper	15%	22.5%
including:			
4701	Wood mass	50 ECU's	75 ECU's
470200000	Wood cellulose, dissolved grades	50 ECU's	75 ECU's
4703	Wood cellulose, soda or sulfate, except soluble grades	30 ECU's	45 ECU's
4704	Wood cellulose, sulfite, except soluble grades	30 ECU's	45 ECU's
GROUP 48			
48	Paper and cardboard; items made of paper mass, paper, including:	15%	22.5%
480100	Newsprint in rolls or sheets	80 ECU's	120 ECU's
GROUP 49			
49(except commodity subpositions 4902-4903)	Printed books, newspapers, reproductions, and other items of the printing industry; manuscripts, typewritten texts, and plans	10%	15%
GROUP 50			
50	Silk, including:	15%	22.5%
500200000	Raw silk (unspun)	160 ECU's	240 ECU's
5003	Silk wastes	200 ECU's	300 ECU's
500400	Silk thread (except thread from silk wastes) not packaged for retail sale	1,000 ECU's	1,500 ECU's
500500	Thread from silk wastes not packaged for retail sale	1,000 ECU's	1,500 ECU's
500600	Silk thread and thread from silk wastes packaged for retail sale; catgut	1,000 ECU's	
GROUP 51			
5101	Silk, not carded or combed	220 ECU's	330 ECU's
5102	Hair of animals, fine or coarse, not carded or combed	1,690 ECU's	2,535 ECU's
5103	Wastes of wool, fine or coarse hair of animals, including spinning wastes, but not including restored wool	208 ECU's	312 ECU's
510400000	Restored wool or restored fine or coarse hair of animals	260 ECU's	390 ECU's
5105	Wool or fine or coarse hair of animals, carded or combed (including combed wool in cut pieces)	598 ECU's	897 ECU's
5106	Machine wool yarn, not packaged for retail sale	598 ECU's	897 ECU's
5107	Combed wool yarn, not packaged for retail sale	2,080 ECU's	3,120 ECU's
5108	Yarn from fine hair of animals (machine or combed), not packaged for retail sale	2,080 ECU's	3,120 ECU's
GROUP 52			
5201	Cotton fiber, uncombed	273 ECU's	469.5 ECU's
5202	Cotton wastes	15.6 ECU's	23.4 ECU's
520300000	Cotton fiber, combed	650 ECU's	975 ECU's
5204	Cotton sewing thread	1,040 ECU's	1,560 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
		I	II
5205	Cotton yarn (except sewing thread) containing 85% cotton by mass and more, not packaged for retail sale	416 ECU's	624 ECU's
5206	Cotton yarn (except sewing thread) containing less than 85% cotton by mass, not packaged for retail sale	208 ECU's	312 ECU's
GROUP 53			
53	Other plant textile fibers, cotton yarn and fabrics made from it	15%	22.5%

1. For purposes of application of rates of the export tariff commodities are designated exclusively by the code of the Commodity List for Foreign Economic Activity; the short name of the commodity is given only for convenience.

2. The rates given in the second (right-hand) column are applied for calculating the amount of the export duty when commodities are shipped within the framework of commodity exchange (barter) operations in keeping with Point 3 of Edict of the President of the Russian Federation of 14 June 1992, No. 629.

3. Coke culm—rock coal that has been through the coking process with particles of up to 6-10 mm.

7. Deciduous pulpwood is not subject to export duty. Deciduous pulpwood is understood to mean round timber from birch, aspen, poplar, and alder intended for production of cellulose and wood mass. The diameter of the pieces at the upper cut—8-24 cm, at the lower cut—up to 40 cm, the length of the piece—0.75—6.5 m.

[No 3 Jan 93 p 23]

[Text]

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
		I	II
GROUP 54			
5402	Complex synthetic filaments (except sewing threads)	10%	15%
5403	Complex artificial filaments (except sewing threads)	30%	45%
GROUP 55			
5503	Synthetic staple fiber, carded and combed or otherwise prepared for spinning	30%	45%
5510	Yarn from artificial staple fibers (except sewing threads) not for retail sale	30%	45%
GROUP 71			
71	Pearls, natural or cultured, precious or semiprecious stones, precious metals, metals clad with precious metals, and items made from them; costume jewelry; coins	20%	30%
GROUP 72			
7201	Pig iron and mirror iron in pigs, ingots, and other primary forms	15 ECU's	22.5 ECU's
7202	Ferrous alloys	25 ECU's	37.5 ECU's
7204	Ferrous metal wastes and scraps, (melting stock ingots)	30 ECU's	45 ECU's
7205	Granules and powders from ferrous metals; slabs of ferrous metals for smelting (charge ingots)	16 ECU's	24 ECU's
7206	Unalloyed iron and steel in ingots and other primary forms, except iron indicated on commodity position 7203)	25 ECU's	37.5 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
7208	Flat rolled iron and plain steel no less than 600 mm wide, hot-rolled, unclad, without electrolytic or other coating	35 ECU's	42.5 ECU's
7209	Flat rolled iron and plain steel no less than 600 mm wide, cold rolled (reduced in a cold condition), unclad, without electrolytic or other coating	100 ECU's	150 ECU's
7210	Flat rolled iron and plain steel no less than 600 mm wide, unclad, with electrolytic or other coating	100 ECU's	150 ECU's
7211	Flat rolled iron and plain steel no less than 600 mm wide, without electrolytic or other coating	40 ECU's	60 ECU's
7212	Flat rolled iron and plain steel no less than 600 mm wide, clad, with electrolytic or other coating	40 ECU's	60 ECU's
7213	Hot rolled bars in free-poured bundles made of iron and plain steel	40 ECU's	60 ECU's
7214	Other bars of iron and plain steel without further processing after forging, hot rolling, hot drawing, or hot pressing, including bars bent after rolling	40 ECU's	60 ECU's
7215	Other bars made of iron and plain steel	40 ECU's	60 ECU's
7216	Angle pieces, shaped and with special profiles made of iron and plain steel	40 ECU's	60 ECU's
7217	Wire made of iron and plain steel	40 ECU's	60 ECU's
7218	Nonrusting steel in slabs and other primary forms; semimanufactured products made of nonrusting steel	130 ECU's	205 ECU's
7219	Flat rolled metal made of nonrusting steel no less than 600 mm wide	130 ECU's	205 ECU's
7220	Flat rolled metal made of nonrusting steel less than 600 mm wide	130 ECU's	205 ECU's
722100	Bars made of nonrusting steel, hot rolled, in free-poured bundles	130 ECU's	205 ECU's
7222	Other bars made of nonrusting steel; angle pieces, shaped and special profiles made of nonrusting steel	130 ECU's	205 ECU's
722300	Wire made of nonrusting steel	100 ECU's	150 ECU's
7224	Other plain steel in slabs or other primary forms; semimanufactured products made of other plain steels	20 ECU's	30 ECU's
7225	Flat rolled metal made of other plain steels no less than 600 mm wide	40 ECU's	60 ECU's
7226	Flat rolled metal made of other plain steels less than 600 mm wide	40 ECU's	60 ECU's
7227	Hot rolled bars made of other plain steels, in free-poured bundles	55 ECU's	82.5 ECU's
7228	Bars made of other plain steels; angle pieces, shaped and special profiles made of other plain steels; hollow bars for drilling work made of alloy or plain steel	55 ECU's	82.5 ECU's
7229	Wire made of other alloyed steels	25 ECU's	37.5 ECU's
GROUP 73			
7301	Sheet piles made of ferrous metals	40 ECU's	60 ECU's
730300	Pipes and tubes, hollow profiles made of cast iron	50 ECU's	75 ECU's
7304	Pipes and tubes, hollow profiles, seamless, made of ferrous metals (except cast iron)	50 ECU's	75 ECU's
7305	Other pipes and tubes	50 ECU's	75 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
7306	Other pipes and tubes, and hollow profiles	40 ECU's	60 ECU's
7307	Fittings for pipes and tubes	50 ECU's	75 ECU's
GROUP 74			
74 (except commodities in subpositions 7417, 7418)	Copper and items made from it	400 ECU's	600 ECU's
including			
7401	Copper matte, cement copper (copper precipitate)	300 ECU's	450 ECU's
7404	Copper wastes and scrap	500 ECU's	750 ECU's
7410	Copper foil (embossed or unembossed, on a basis or without a basis of paper, cardboard, plastic or similar materials), with a thickness (not counting base) of no more than 0.15 mm	250 ECU's	375 ECU's
GROUP 75			
7501	Nickel matte, agglomerates of nickel oxides and other intermediate products of nickel metallurgy	1,200 ECU's	1,800 ECU's
7502-750800	Nickel and items made of it	1,200 ECU's	1,800 ECU's
GROUP 76			
76 (except commodity subpositions 7612-7616)	Aluminum and items made of it	130 ECU's	205 ECU's
including			
7602	Aluminum wastes and scrap	300 ECU's	450 ECU's
GROUP 78			
78	Lead and items made of it	100 ECU's	150 ECU's
GROUP 79			
79	Zinc and items made of it	200 ECU's	300 ECU's
GROUP 80			
80	Tin and items made of it	1,000 ECU's	1,500 ECU's
GROUP 81			
8101	Tungsten and items made of it, including wastes and scraps	1,500 ECU's	2,250 ECU's
8102	Molybdenum and items made of it, including wastes and scraps	1,800 ECU's	2,400 ECU's
8103	Tantalum and items made of it, including wastes and scraps	22,000 ECU's	33,000 ECU's
8104	Magnesium and items made of it, including wastes and scraps	360 ECU's	540 ECU's
8105	Cobalt matte and other semiproducts of cobalt metallurgy; cobalt and items made of it, including wastes and scraps	4,000 ECU's	6,000 ECU's
810600	Bismuth and items made of it, including wastes and scraps	1,000 ECU's	1,500 ECU's
8107	Cadmium and items made of it, including wastes and scraps	1,000 ECU's	1,500 ECU's
8108	Titanium and items made of it, including wastes and scraps	400 ECU's	600 ECU's

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
including:			
810610100	Unprocessed titanium, powders	500 ECU's	750 ECU's
810810900	Wastes and scraps	1,500 ECU's	2,250 ECU's
8109	Zirconium and items made of it, including wastes and scraps	2,000 ECU's	3,000 ECU's
811000	Antimony and items made of it, including wastes and scraps	400 ECU's	600 ECU's
811000900	Semimanufactured products and items made from antimony	1,000 ECU's	1,500 ECU's
811100	Manganese and items made of it, including wastes and scraps	150 ECU's	225 ECU's
8112	Berillium, chrome, germanium, vanadium, gallium, hafnium, indium, niobium, rhenium, tellurium, and items made from them, including wastes and scraps	30,000 ECU's	45,000 ECU's
including:			
811220100-811220390	Unprocessed chrome, wastes and scraps; powders	1,600 ECU's	2,400 ECU's
811230900	Semimanufactured products and items made of germanium	48,000 ECU's	72,000 ECU's
811291310	Niobium and rhenium in unprocessed form and in the form of powder	30,000 ECU's	45,000 ECU's
GROUP 82			
82 (except commodity subposition 8207)	Instruments, knife items, spoons, and forks made of nonprecious metals and some nonprecious metals	5%	7.5%
GROUP 88			
880211900	Helicopters, with empty weight payload of no more than 2,000 kg, others	15%	22.5%
880212900	Helicopters with empty weight plus payload of more than 2,000 kg, others	15%	22.5%
880220900	Aircraft and other flying equipment with empty weight plus payload of no more than 2,000 kg, others	15%	22.5%
880230900	Aircraft and other flying equipment with empty weight plus payload of more than 2,000 kg but no more than 15,000 kg, others	15%	22.5%
880240900	Aircraft and other flying equipment with empty weight plus payload of more than 15,000 kg, others	15%	22.5%
GROUP 89			
890600100	Military ships	15%	22.5%
890800000	Ships and other floating equipment designated to be scrapped	15%	22.5%
GROUP 93			
930100000	Combat arms (except revolvers, pistols, and arms classified in commodity position 9307)	15%	22.5%
930200	Revolvers and pistols (except those classified in commodity positions 9303 and 9304)	15%	22.5%
930510000	Parts and accessories to revolvers and pistols (classified in commodity positions 9301-9304)	15%	22.5%

**List of individual goods subject to export duties when shipped from the territory of the Russian Federation
(rates of export tariff)¹ (Continued)**

Commodity Code on Commodity List of Foreign Economic Activity	Short name of commodity	Customs rate ² (in ECU's per 1,000 kg or percentages of custom value)	
930590100	Parts and accessories to combat arms indicated in commodity position 9301	15%	22.5%
930690100	Bombs, grenades, torpedoes, mines, rockets, and similar means for waging combat activities and parts for them	12%	22.5%

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2. The rates given in the second (right-hand) column are applied for calculating the amount of the export duty when commodities are shipped within the framework of commodity exchange (barter) operations in keeping with Point 3 of the edict of the president of the Russian Federation of 14 June 1992, No. 629.

Customs Committee Adjusts Taxes on Foreign Trade

934E0002C Moscow IZVESTIYA in Russian 30 Jan 92
p 2

[Article by Igor Andreyev: "Three Customs Duties for an Article Being Imported Into Russia"]

[Text] On 29 January the Russian Customs Committee announced changes in the system of taxing participants in foreign economic relations. As of 1 February there will be, in addition to the import customs duty, a value-added tax [VAT] and, for a certain group of goods, an excise duty.

However, Valeriy Kruglikov, deputy chairman of the committee, stressed at a press conference, the customs people will introduce the new taxation gradually, without risking discrediting a practice which is accepted throughout the civilized world.

The amount of the VAT will be 20 percent of the customs value of the article. The tax does not apply to food products and raw materials for their production, medicines and other medical goods, articles for children, and certain types of industrial equipment. Nor to objects being imported to Russia by foreign agencies.

The list of so-called excise goods at present is comparatively limited, including goods for commercial transactions: alcohol, liquor and tobacco, clothing including furs, precious stones and jewelry, motor vehicles, tires, and carpets. The rates of the excise duty are differentiated. For alcohol the charge will be 90 percent of the customs value of the batch, for whiskey 75 percent, and vodka 80 percent, while for beer and cars it is only 25 percent, for cigarettes 50 percent, and for tires 30 percent.

If a contract for import of the goods was signed before 22 December of last year the excise duty and VAT will not be charged to the importer. But this only applies until 31 March of this year.

New unified import tariff rates for all goods being brought into Russian territory are to be introduced as of

15 February regardless of when the contract was concluded. All the enumerated articles for which VAT does not need to be paid are freed from customs duty. Beer will cost 20 percent of the customs value of the batch, chocolate 30 percent, and alcohol 100 percent.

On 1 February the system for moving goods across state borders that was adopted for Russia's foreign economic ties with remote foreign countries will be introduced throughout the CIS. Freight being shipped within the framework of state deliveries will be passed without customs duty. No import duty is charged when goods are imported to Russia from Belarus, Ukraine, Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan, and Turkmenistan. The former rules are preserved for importers from the Baltic countries and Georgia, but the import duty is doubled.

At first, V. Kruglikov indicates, only physical persons carrying goods for commercial transactions will be subjected to the charges. And whereas formerly each of us could bring 10,000 dollars into the country without duty, this quota is now cut exactly in half. An exception is motor vehicles whose value exceeds 5,000 dollars

International Conference on State of Russian Agriculture

PM0102130193 Moscow ROSSIYSKAYA GAZETA
in Russian 29 Jan 93 First Edition p 3

[Aleksandr Gavriluk article under the "Land For the Peasants" rubric: "Agrarian Reform: View From Abroad"]

[Text] The country is obviously coming round after "shock therapy" not only in the economy, but also in the ideology behind the reforms.

"Abandon the view of the countryside as an internal colony." "Neither the previous nor the present authorities understood or understand the peasants." "Liberalization of prices amid the predominance of monopolies and the virus of 'market romanticism' have resulted, if not in tragedy, then in drama for agriculture."

The international conference "Prospects for Agrarian Reform: Strategy for the Transitional Period," organized by the agrarian institute in conjunction with the Gorbachev Foundation and the "Peace and Food" international commission, is completing its work in Moscow to the accompaniment of statements like the above. Economists and academics from virtually all the developed countries in Europe, the United States, India, and the CIS have analyzed agrarian reforms in Russia and tried to avert the grave consequences of the breakup of the albeit imperfect Eurasian market that existed in the USSR.

This conference is one of the first to say distinctly that the role of the market as a self-regulating force is clearly being overestimated. A year ago it was hard to imagine anyone, much less an American, saying that a market economy is compatible with state intervention, the market will not supplant the strong arm of the government. It is only a matter of the intervention by state and government structures being skillful. Regrettably, there is every indication that Russia does not have such a government today, Garry Jacobs, secretary of the "Peace and Food" commission, said.

The subject of price control was discussed extensively during the conference. There has not been a case in history of price liberalization leading to economic progress, Professor Lance Taylor of the Massachusetts Institute of Technology, claimed. Even in the capitalist world the economy is controlled. Inflation in Russia could easily have been foreseen, mainly due to the monopolistic nature of the economy. "You can hardly live with inflation at 25 percent!" the American exclaimed. "Economic revival is impossible in those conditions. If inflation reaches 50 percent, that smacks of an unviable economy faced with collapse." Prices must inevitably be controlled, but this must happen gradually, not overnight; a combination of measures are needed. In the U.S. academic's opinion, that is indisputable, as is the fact that the country's economy will have to be kept in very strong state hands. Above all the agricultural market, with prices in the agrarian sector being controlled.

When you hear the statements from foreign participants in the conference and authoritative academics, you involuntarily catch yourself thinking: Where were these recommendations earlier, a year ago? If the consequences that lay in store for Russian citizens were obvious before the reforms, why were there no warnings, no advice? Perhaps there were warnings, and they were simply not heeded or people were reluctant to heed them? These are rhetorical questions, and there were different advisers a year ago, moreover, but whom can you call to account now? The fate of reformers in Russia has always been tragic, as has that of virtually all agrarian reforms. With the exception of the 1861 reforms, none has been brought to a conclusion. Today agrarian specialists—be they practical or theoretical—have become obsessed with either kolkhozes or private farmers. The horror of diktat has once again loomed over

the peasants although there will undoubtedly be room for every form of economic activity in Russia.

I do not doubt for a second the foreign academics' sincere desire to help us escape from the crisis, but it is hard to get away from the feeling that the experiment on Russia is continuing, and the agrarian sector is a kind of proving ground for the experiment, leaving other sectors behind in terms of the pace and scale of the transformations and proving rather to be a leap forward into an unprepared market environment. One should nevertheless heed the authorities—Netherlander Robert van Harten recommended that we rely on our own wits and strength...

The participants in the conference hope to lay out a clear strategy for the development of Russia's agriculture and formulate recommendations for the government.

French Firm Signals Interest in Underground AES

93WN0259A Moscow KOMMERSANT-DAILY
in Russian 14 Jan 93 p 7

[Article by Anna Shcherbakova: "Franco-Russian AES Project: French Firm Confirms Participation in St. Petersburg Underground AES Project"]

[Text] On January 13, a delegation of representatives from the French firm SGN, led by its vice president and commercial director, Anri de la Bassetiart, departed from St. Petersburg. SGN specialists are currently researching the possibility of cooperating with Russian organizations in implementing a project for erecting an underground nuclear energy plant in St. Petersburg (see KOMMERSANT-DAILY, December 18 and January 12). In the course of their visit, the French side confirmed its intention to participate in this project. Besides this, an agreement was reached between the firm and the St. Petersburg administration on cooperation in projects for burying nuclear wastes and eliminating areas of radioactive contamination in the city.

As KOMMERSANT DAILY announced earlier, a consortium of Russian production, design and scientific research organizations that had formerly worked mainly on Navy projects proposed to the St. Petersburg administration and oblast a project that would supply the city with energy based on 12 underground nuclear plants with a capacity of 600 megawatts each. Scientific leadership for the project is provided by the Krylov Central Scientific Research Institute (St. Petersburg).

The idea's originality lies in the fact that these plants will use serial ships' reactors. The technical side of the concept is also out of the ordinary. It is obvious that realization of this project would make it possible to support the technical and production potential of a group of conversion factories. At the same time, this project, which has no equivalent in world practice, requires careful analysis from the socioecological point of view.

The SGN representatives visited a Baltic factory, where they looked at four reactor installations intended for installation in underground AES. They were also introduced to the technology used in the construction of the Lenmetstroy drifts—it has been proposed that they will be used in building underground mines. At a meeting with Vice Major Rear Admiral Vyacheslav Shcherbakov, Mr. de la Bassettier, the firm's commercial director, confirmed that SGN is prepared to take part in the project. The specific form that this participation will take will be agreed upon later.

Besides this, the Frenchmen proposed their services in neutralizing radioactive wastes from the Navy, as well as areas of radioactive contamination on the city's territory. This last proposal evoked much interest. It was decided that SGN's partner in eliminating the radioactive areas, of which over 200 are registered in Petersburg, will be the mayor's Committee on Preserving the Environment. Together with the Krylov Institute, they intend to develop a plan for burying the radioactive wastes which, as KOMMERSANT-DAILY experts suggest, will be based on a technology for glazing the wastes that is used in France.

Lukin Explains 'Infantile Pro-Americanism' Statement

934C0791A Moscow NEZAVISIMAYA GAZETA
in Russian 22 Jan 93 p 4

[Article by Vladimir Kozlovskiy, New York: "The Americans Are Worried: They Believe That Russia's Foreign Policy Has Taken a Turn to the Right"]

[Text] New York—On Tuesday morning the telephone in the office of Yuriy Chizhik, press spokesman for the Russian UN mission in New York, began to ring off the hook. People were vying with one another to learn whether it was true that Moscow had begun to distance itself from the anti-Iraq coalition and was demanding an urgent convening of the Security Council, at which it intended discussing and, perhaps, also condemning the latest bombardment of Iraq.

The reason for these suppositions was the statement of the Foreign Ministry of Russia made on Monday, which observed that "the keys to a normalization of the situation are in Baghdad," but emphasized: "We proceed firmly from the fact that the response to Iraq's actions should be appropriate and emanate only from concerted decisions. There is, evidently, an urgent need for the situation to be examined once again in the UN Security Council."

THE WASHINGTON POST, which usually tracks down more scrupulously than other major American newspapers the least symptoms of a turn of Russian foreign policy to the right, acknowledged that it saw no "signs of an abrupt revision of Russia's policy in the Persian Gulf in preparation" but added that such a Foreign Ministry statement "sounded considerably cooler in relation to

the West than a similar statement made last week after the first attack on southern Iraq."

Once bitten, twice shy, and the concern fleetingly evoked in Washington by the notes which were sounded in this statement did not come from nowhere: The newspaper's Moscow correspondents have long been warning that a turn to the right is emerging in Russia's foreign policy, and the well-known American commentators Rowland Evans and Robert Novak have spoken even more definitely on this subject. And POST correspondent Fred Hyatt wrote on 24 November about "a general turn to the right of Russia's foreign and military policy" expressed, in his view, in Moscow's "more uncompromising" position in respect to Japan, the Baltics, and its "southern neighbors in the Caucasus" and in the "rehabilitation of nuclear weapons," on which the Russian leadership is beginning to base its defense policy and hopes of preserving the status of superpower, having abandoned Gorbachevian dreams of general nuclear disarmament.

On 12 December Evans and Novak published an article which proclaimed a "return to the cold war," virtually, and warned that the "brief era of Russian-American cooperation" in the UN Security Council was in jeopardy. It is now apparent that the dream was apt and that this prediction is beginning to come true.

THE WASHINGTON POST has firmly linked Vladimir Lukin, Russian ambassador in the United States, with those who are pulling foreign policy to the right and wrote on 24 October, for example: "Kozyrev's critics include... Lukin, who has inveighed against the 'romantic and infantile pro-America tendency' in Russia's foreign policy." On 9 December the paper's Moscow correspondent returned to Lukin and declared: "Vladimir Lukin, Russian ambassador in Washington, who has accused the foreign minister of 'infantile pro-Americanism,' is the one most often tipped to take Kozyrev's place."

Last Friday I asked Lukin to comment on these newspaper reports during the "America and Russia's Future" conference held in the Embassy of the Russian Federation.

"First, I told THE WASHINGTON POST nothing of the sort," the ambassador replied. "I remember that the esteemed veterans of journalism Evans and Novak had maintained in THE WASHINGTON POST that General Gromov, General Shaposhnikov, and, to my great astonishment, Vladimir Lukin were participating in some conspiracy aimed at ousting the Gaydar government. I recall this. But I have so much respect for this newspaper that I myself even came to believe that I was mixed up in something of the sort and that my speech at the Seventh Congress in defense of Gavdar was merely a cover for this operation."

"As for your question," Lukin continued, "I spoke at a conference in Moscow, and extracts from my speech were carried in NEZAVISIMAYA GAZETA, not THE

WASHINGTON POST. I said there that among the Russian political elite—not in the Foreign Ministry of Russia, to which I now belong—there are people who are of a naive pro-America frame of mind, that is, are prepared to support any American policy—good or bad—merely because America is a democratic country. I considered and continue to consider this naive, but was not referring to our Foreign Ministry. This is also observed in our parliament, although it does not reflect the mood of its majority, but I know people there who are inclined to take such a view of things. I know that this is present in our political spectrum, although becoming increasingly less so."

The ambassador declared that "firm pro-Americanism" would never be a consequence of blind support for all positions of the United States but would be created merely when Russians themselves regard their country as a great power and concern themselves primarily with considerations of their national interests, which ("I am

convinced") in 85 percent of cases will be in solidarity with the American position.

Lukin did not descend to explanations as to that from which the remaining 15 might take shape but I gathered from our previous—November—conversation that his differences with the Americans could concern Siberia.

On Tuesday, however, the worries subsided as Sergey Yastzhembskiy, director of the Department of Information and the Press of the Foreign Ministry of Russia, declared that Moscow had "not yet officially raised the question of a new discussion of the question of Iraq in the United Nations and had not appealed to the allied forces for an end to the bombing of Baghdad." The crack in the coalition crept up, in fact, not from Russia but from Turkey, whose foreign minister, Hikmet Cetin, declared: "It is very hard to justify the operation in Iraq when a bloodbath is under way in Bosnia and Hercegovina."

POLITICAL AFFAIRS

Democratic Revival Party for START Only With Security Guarantee

934K0086A Kiev *VECHIRNIY KYIV* in Ukrainian
15 Jan 93 pp 1, 4

[Article by an unidentified *VECHIRNIY KYIV* correspondent in the column "Politics": "START Without a Guarantee of Getting to the Finish"]

[Text] The Coordinating Council of the Kiev city organization of the PDVU [Democratic Revival Party of Ukraine] reviewed at its meeting the issue of the ratification of the START I treaty and the elimination by Ukraine of its missile and nuclear potential. A statement was approved which, in particular, says:

"The consideration of this issue will take place in a foreign-policy situation which is very unfavorable for our state. This is, first of all, the adoption by Russia, at the state level, of documents which, in fact, amount to making territorial claims against Ukraine. A decree adopted by the Russian Federation Supreme Soviet concerning the unconstitutionality of the transfer of Crimea Oblast to Ukraine and an assignment from the Russian Federation Supreme Soviet to the Seventh Congress of People's Deputies to consider the issue of the status of the city of Sevastopol amount to a process to establish a legal basis which in the future may be used as grounds for the use of armed force against Ukraine. Despite the fact that this scenario for the development of events appears unlikely under the present leadership of Russia, we nonetheless should be mindful that the rating of forces with markedly imperial views has recently been going up sharply; their representatives hold very high offices. In the environment of political instability in Russia, when the president and the Congress of People's Deputies seek to eliminate each other from the political arena, it is possible that these forces will come to power before the expiration of the powers of the current Russian Administration."

Proceeding from this analysis of the situation in Russia, PDVU members propose that the Supreme Soviet and the leadership of Ukraine, if they agree to the elimination of the missile and nuclear potential, do so only on conditions which guarantee the sovereignty, territorial integrity, and completeness of the nuclear-free status of Ukraine. These conditions include extending to Ukraine guarantees of the inviolability of its borders, with detailed arrangements developed for the actions to be taken by the world community or guarantor states in the event foreign military force is used against Ukraine (and not solely for the event of an aggression with the use of nuclear weapons, which is being discussed at present); the withdrawal from its territory of all military forces which are not under the jurisdiction of Ukraine; the proclamation of a nuclear-free zone in the Black Sea, with guarantees that vessels with nuclear weapons or nuclear power plants do not enter it.

Second, if Ukraine fails to receive such guarantees, to postpone the implementation of the provision on the nuclear-free status in the Declaration of State Sovereignty until later.

Participants in the meeting of the Coordinating Council stressed that, since Ukraine became independent, it has already taken quite a number of steps in the interests of other states, primarily Russia and the United States, without providing for its own interests in the course of this, and without considering the possible consequences which are unfavorable to it. This includes the consent to transfer to Russia the seat of the permanent member of the United Nations Security Council which belonged to the USSR, the transfer, to Russia alone, of the "nuclear button" of the former Union, and the unconditional removal of tactical nuclear weapons beyond the borders of Ukraine. As a result, the world community began to perceive Russia as the sole legal successor of the ex-Union, which created enormous problems for Ukraine—from the division of assets and the Black Sea Fleet to athletic events. We believed that in response to our complaisance our national interests would also be taken into account. Instead, we received still more demands for unilateral concessions.

It is worthwhile to recall that Ukraine is now facing an alternative (not of its own volition): either to reinforce its defense capability by way of keeping nuclear weapons (which, as a containing factor, is the best means of defense at present), or to ensure the development and adoption of international law arrangements which would reliably guarantee its security.

When acknowledged pacifists, such as PDVU members, demand to not give away our last foreign-policy trump card without taking care of the security of our people and the national interests of our state, it is worthwhile to listen to them very attentively.

Recently, we have been hearing further words about the need for guarantees to Ukraine coming from the lips of President L. Kravchuk. However, under external pressure (which has already happened), these words may remain just that, whereas the ratification of START I will be rushed through.

Incidentally, this worries the Ukrainian National Assembly, which has circulated an appeal "To Interested Individuals and Organizations on the Eve of the Discussion of the START Treaty by the Supreme Soviet of Ukraine." As it indicates,

"a) a considerable proportion of the deputy corps rejected the draft military doctrine of the Ministry of Defense of Ukraine, and the deputies are attracted more by the military doctrine of the Ukrainian National Assembly' (in the words of Grygoriy Perepelytsa, senior scientific associate of the Center for Strategic Research of the Ministry of Defense of Ukraine—*VISTI Z UKRAYINI*, No. 1 for this year).

"b) the ideas and intentions of some Ukrainian generals and officers concerning the development of a military doctrine, and the nuclear status and NUCLEAR shield of Ukraine coincide to a considerable degree with the plans and program of the Ukrainian National Assembly (see materials published in HOLOS UKRAYINY),

"c) the preservation of the nuclear status of Ukraine is in the fundamental interest of the Ukrainian military-industrial complex." For this reason, the Ukrainian National Assembly proposes: "To hold an extensive conference, with the topic 'The Nuclear Status of Ukraine—the Best Guarantee of Peace, Security, and Stability in Europe,' soon, on the eve of the discussion of the issue of ratifying the START treaty in the Supreme Soviet of Ukraine..., to develop a comprehensive justification for the need to retain the nuclear status of Ukraine, with a view to giving the people, their legislators, and the supreme authorities of the state the opportunity to approach the resolution of this issue from standpoints such as the need to develop basic research, the needs of defense, the need to develop the national military industrial complex, geopolitical priorities, and long-term national interests. Organizers believe that participants should get involved in attending the conference and drafting its final documents regardless of their social, ethnic, or party affiliation and view of the world, solely on the criterion of their support for retaining the nuclear status of Ukraine."

If the Ukrainian National Assembly has started talking about the possibility of cooperating with even communists or socialists, then perhaps the Supreme Soviet should indeed measure seven times before it cuts this time.

START I is the kind of start after which it will be just impossible to return to the airfield. Landing at another one without guarantees is like jumping without a parachute.

Commentary on Lugansk Conference of Communists

934K0127A Kiev NEZAVISIMOST in Russian
20 Jan 93 p 2

[Article by Petr Shevchenko: "Theater of Shadows"]

[Text] In a handsome concourse on January 16th in Lugansk, as in Odessa, the oblast conference of Communists took place. More than a thousand delegates took part in it, representing, as the organizational committee announced, 18 cities and 15 rayons. The spacious hall of the former House of Political Education could not hold all who wanted to be there, so that the reborn Communists were partly in the corridors, and partly on the stage. The pickets from "Rukh," SUS, UNSO, and "Memorial," standing before the entrance to the House of Political Education with placards and trying to hinder the carrying out of the "measure," were simply swept away. Matters came to blows, which were stopped only by the policemen on duty here.

In the words of one of the members of the organizational committee, V. Sviridov (he is the president of the oblast committee of the Socialist Party of Ukraine), the local authorities supposedly put all sorts of hindrances in the way of the conference, and, therefore, as a reserve measure, it was even considered putting it on in the open air—naturally, at a monument to a leader. Nevertheless, its opening took place to the sounds of the hymns of the USSR and the Ukrainian SSR. On the agenda there was: evaluation of the present political and socio-economic situation, and the tasks of the Communists, connected with this; the question of the re-registration of the Communists and the creation of party organizations in the cities and rayons of the oblast; and the election of delegates to the all-Ukraine conference of Communists.

The rhetoric in the reports on the first two questions hardly differed from the traditional. Nevertheless, it produced an impression on the hall. Calls for the restoration of socialism in the USSR, attacks on the President and the government of Ukraine together with the International Monetary Fund, slogans about the re-creation of the party of Communists and its organizational structures, found the liveliest response in the auditorium. There was a feeling, however, that the conference is only one of a series of links, of events, observed in the oblast in the first weeks of the new year. Meetings, rallies, and conferences with the participation of union leaders, of representatives of societies of a pro-communist tendency, of a series of national deputies of Ukraine, striving to ride the wave of national dissatisfaction with unpopular government measures; it seems not to be excluded that it is coordinated by great masters of behind-the-scenes political games.

At the same time, evidently, it should be recognized that in the political arena of Ukraine there is about to be legalized again a political force, which now not only relies on former party functionaries and Communist activists, but which also has today wider support than before. Directly accusing "Rukh" of worsening the situation of the population, this force is not averse, in the very near future, to settling scores with the former party nomenklatura, which has filled government positions in the provinces and in Kiev and which easily "surrendered" its party in August, 1991. Here nods to "so-called democrats" will hardly help.

The "theater of shadows" on the Lugansk stage has demonstrated: the shadows have by no means gone irretrievably into the past.

ECONOMIC AFFAIRS

Kuchma Report to Standing Commissions

934K0181A Kiev GOLOS UKRAYINY in Russian
22 Jan 93 pp 3, 6

[Report of Prime Minister of Ukraine L.D. Kuchma to a Joint Meeting of Standing Commissions of the

Supreme Soviet, with the Participation of the Government and the President of Ukraine"]

[Text] Esteemed Deputies!

We must demand effective work from each other, and we must set goals and achieve them. But at the same time, we must be wise and remember wisdom that is as old as the world: "Lord, grant me the strength to change that which I can change. Lord, grant me enough patience to bear that which I cannot change. Lord, grant me enough reason to distinguish the first from the second." It has already become a parliamentary tradition that, with every worsening of the economic crisis, there is a sharp reaction in some deputy circles. The high point of this are the usual appeals for a change of government and all manner of resignations. The analysis of the situation in the country starts explosively, with emotions and social demagoguery.

Today's situation is also no exception. Shouts can be heard once again: "The government must be called to account!" In addition, some of the deputies naively think that "by sympathizing" with the people's troubles that they will deflect the people's anger from themselves and transfer responsibility to someone else's shoulders.

Three months ago, I appeared before you as a candidate for the post of prime minister of Ukraine. Even then, the scale of the impending economic catastrophe was no secret to me. I warned you frankly that, regardless of the first steps of the Cabinet of Ministers, the economic situation will get acutely worse in the near term.

It is impossible immediately to stop the flywheel of ruin that has picked up speed, especially during the last two years.

Incidentally, I already noted this a long time ago, and I have already talked about this, that only for politicians are things easier said than done. Everyone else has to back up his words with hard work.

Today, the total complex statewide crisis has become a reality—not a crisis of growth, but a crisis of content. The moment has arrived when, without an answer to fundamental questions regarding the idea of the existence of statehood and a definition of strategic objectives, its principles, and any kind of movement ahead becomes impossible.

Today's crisis of statehood is the result of the imposition and the mutual acceleration of three main factors:

—we are living through the consequences of the disintegration and disorganization of the former USSR. For example, we inherited 2,000 enterprises of Union subordination. We are so wealthy that we do not even know now—after pulling out of the empire—what we can produce. But Miss Sukhotskaya, by the way, brought detailed figures to Ukraine and presented me with a beautiful book with a list of products virtually

according to each one of its enterprises. And we, as a new government, have just begun to count—not on our fingers, of course.

Further, it was impossible to avoid the inevitable slump after the reorientation of the entire socioeconomic and sociopolitical complex on the structure of a new state.

The experience of the successful decolonization of many countries indicates that this slump will continue for several years. Afterwards, the economy will flourish;

—the absence of a real plan of construction of the state and of its economy in recent years has led to the fact that matters are moving well here with the attributes of the Ukrainian state, but, then, for example, we have not yet started the production of Ukrainian sausage or vodka.

Today, the Government of Ukraine is orienting itself on those processes that occur in a state, and it has settled on those resources and those paths on which, in our opinion, lie the rescue of this state and of society as a whole.

I will describe the situation:

The economic depression that developed in 1990-1992 arrived at a qualitative level where a degradation began of the socioeconomic structure of society itself. According to data of the Ministry of Statistics of Ukraine, our achievements look like this:

- national income dropped by 14 percent;
- productivity of social labor—by 15 percent;
- in 1992, the rates of reduction in the production of industrial products was nine percent, while it was 4.8 percent in 1991, and the rates of reduction in the 1992 average daily production of products was 9.2 percent, with a reduction of 4.1 percent in 1991;
- the production of consumer commodities was reduced by 10.9 percent, including, what is especially alarming, a reduction in the production of the food commodity group by 14.9 percent, and in particular meat—by 18 percent, milk—by 21 percent, and eggs—by 19 percent.

The biggest drop in the volumes of industrial products occurred in Nikolayevsk Oblast—16 percent, Lvov Oblast—14 percent, in the Republic of Crimea—13 percent, and in Volyn Oblast—12 percent.

Our government had to begin the movement forward with efforts to anticipate chaos and ruin and to reorient the economy on new tasks and structural restructuring.

The legacy to our government was a general depression of the economy, which was intensified by a profound structural crisis and a crisis of management.

The successive nonfulfillment—stage after stage—of the "Fundamentals of National Economic Policy" from

March 1992 led to the crash of the financial system of Ukraine and virtually to the liquidation of the monetary-ersatz unit—the coupon.

The investment process virtually stopped, and today there are no real sources for its restoration.

The inadequacy of political slogans that substituted for specific programs for the construction of the state, and the realities of daily life, led to the economic isolation of Ukraine. Over the course of a year, everything possible was done to discredit it before international economic and financial organizations.

And while the necessity has really arisen today of asking someone for something, and if we speak honestly and frankly, then the question must be raised about political responsibility, most of all yours and mine—the people's deputies who spoke a lot of loud and witty words, but who in fact have still not justified the hopes and aspirations of the people expressed in the all-Ukrainian referendum. With respect to the search for the guilty, popular wisdom long ago suggested: It is necessary to start not with Caesar's wife, but with the beam in one's own eye.

Let us return to the situation. Having a year behind us that was both festive and miserable, we were forced to begin practically from scratch and with a principally new set of questions. We got into a dead end, and now we are going back, and only after this will we move ahead.

First, we are forced to reject attempts to create and implement a program for the withdrawal of Ukraine from the crisis and the implementation of reforms as an optimization model. I would like to ask all of the fanciers of the program: What must we optimize? Perhaps, that crisis situation in which we ended up? We have so many important economists who write programs so easily, just like going fishing. But meanwhile, I as the prime minister frequently do not have anyone to make responsible for the implementation of these economic theories. Inasmuch as theory is very afraid of an energy crisis and nonpayments, and it does not seek answers to these problems. Ukraine does not yet exist as a unified state-political complex and as a unified socioeconomic system for today. Let us realize this.

The actions of the government were directed toward giving an objective assessment of the socioeconomic and sociopolitical situation of Ukraine, defining the strategy of actions, and selecting the necessary instruments to clean out the Augean stable.

I think that, on the whole, these tasks have been resolved. The mechanism for achieving these objectives was a group of decrees, with whose aid a beginning was given for these processes:

—there began, in fact, a revival of the management of the state sector of the economy and the demarcation of state and other forms of property;

—a foundation was laid for stopping the flywheel of inflation, and we will not allow an uncontrolled increase in the labor remuneration fund and chaotic price formation;

—the first steps have been taken toward the restoration of a system of management both at the level of state administrative organs and along the vertical;

—a beginning has been made in the process of creating a market infrastructure, in particular, a mechanism has been started to form private property in land as a basis of all institutions of private property, and the commercialization of trade has moved realistically;

—the first real steps have been taken to support production, inasmuch as the tax pressure on producers has been lowered substantially. Production investments have been removed from under taxation.

I can agree with the opinion of deputies and deputy commissions that the creation of decrees went too fast, and without deep comprehensive study. But it should be taken into account that the new Cabinet of Ministers did not immediately run up against such an avalanche of strategic problems that were not resolved during the course of the year, and that the situation demanded an immediate refinement at least of the approaches to them. **Only the one who does not do anything does not make mistakes!**

The limit of time and the depth of the crisis showed us that resolute actions, albeit partly not approved by the mechanism for implementation, are less evil than the lack of immediate operational reaction. These reasons also explain the certain slippage in resolving questions of the operational management of the economy. It turned out that a whole number of administrative organs, for example, the Ministry of Foreign Economic Relations, were either not included in operational management at all, or that they conduct it with very specific methods. In addition, attempts are being made to politicize the economy at the managerial level—directors of enterprises and institutions, attempts at populist flirting with labor collectives, and drawing them into a political struggle that has nothing in common with the economy.

I know that the special response both among the people and on the part of the deputy corps, which revealed its readiness to defend the people with all its might, brought about the decree of the Cabinet of Ministers on price regulation. All of you know the reasons that prompted this step.

The fact that inflation in January is reaching the 50 percent barrier, and that for the year it amounted to 2,000 percent, did not fall to us from the sky. I fear that only those of my deputy colleagues are soaring in the heavens who deliberately do not want to count on a calculator. For 1992, we approved 1.176 trillion karbovantsy of income, and 1.230 trillion of expenditures. The planned deficit in the budget of 50 billion karbovantsy was a joke even at the moment of its approval. In reality,

the budget that we implemented in strict conformity with the decisions of parliament last year ate up more than it earned by 697 billion karbovantsy; moreover, they are covered owing to the credit of the National Bank, including 329 billion taken for one year at 13 percent. The national economy received another 628 billion in emissions after the decision of the Supreme Soviet concerning the indexation of working capital and certain other resources. That is, we have an emission that is not guaranteed by anything for 1.325 trillion karbovantsy. Thus, with your concurrence and decisions, debts were incurred for 33 percent of the gross national product. Imagine a metal worker who rents from his neighbor for one-third of his wages. Indeed, they will burn down his hut! And there is no need now to nod to the deputies in someone's direction and to look for a victim somewhere. You and I are to blame for everything. Inasmuch as we maintained such a soft government until lately that pleased us, because of the emissions; and, inasmuch as we made populist decisions that we could not afford. It is we who, year after year, led the country into poverty. And now? You are attributing this theft of the people to me? If I had been the prime minister in the last year, I would not have allowed the squandering of the country, and I would have clipped the wings of many for their great appetites. Many of the deputies in this hall are defenders of the people, but there are businessmen in my office. As one of the results of this, we are continuing to deliver products to Russia without prepayments!

The one who yells about the high prices of the new government forgets one more thing. The fact that we acquired an increase in the prices of petroleum products by a factor of 300 in a year is also not the result of accidental actions. We did not maintain economic relations with Russia at least at a necessary minimum, and we dreamt a lot in this hall about integration into a rich Europe. But now we have to pay for these dreams.

The government understands that the recent tough steps sharply raised the poverty line, and that entire social groups found themselves on the edge of survival. We realize that raising the minimal pension and wage level does not compensate in sufficient measure for the gap that has set in, but now this is the only thing that the government can permit itself. I want to emphasize that today the question concerning social protection under conditions of an impoverished economy is much more difficult to resolve than at any other time. It is a question solely of survival. And the actions of the government, including in the case of the aforementioned decree, are dictated exactly by the logic of unavoidability, by the logic of a rescue operation.

For the support of those social groups that ended up far below the poverty line, a mechanism of directed and special-purpose assistance was formed and put into operation starting on 1 December 1992 that safeguards pensioners, the disabled, invalids, and also families, where the income per family member is less than 1.5 of the minimums.

We took the consequences of such a step into account, at the same time realizing the hopelessness that prompts it. We are counting, if not on support, then on the mutual understanding of people in such a poor state today. Incidentally, I met today with an industrial group from South Korea with a turnover of \$400 billion. During our conversation, they explained that the Japanese, the Korean, and the Chinese miracle would not have been possible without the spiritual revival of the nation. Deprivation is the cause of fights. We must unite in our trouble, and not the opposite.

Now about certain strategic directions in whose development and implementation the government sees the prospect of pulling out of the critical phase. In the new phase, which is directed at specific actions, the government will work in these directions:

- the resolution of the fuel-energy question will be a priority. The introduction of energy-saving technologies in industry and in the village will become an important aspect of the government's actions;
- the initiation of the output of competitive products and the mastery of the types of exports that are worthy of Ukraine;
- we will not let the village die; we will give the agrarians both fuel and mineral fertilizers, we will give them everything that we promised. Although, as a result of the populist decisions of the Supreme Soviet, we gave so much sugar to the collective farmers that now we have nothing with which to pay for that gasoline. All in all, we now have a closed circle: The government is being asked for everything, but no one wants to give grain to the state. I think that it is necessary to put an end to this period of clever subterfuges;
- the free access of all commodity producers to all types of resources and products will become one more priority. Yesterday, we passed a decree "On the State Contract and the State Order for 1993." We would like for no one here to talk anymore about "a state slap in the face" and that the state order should become the basic means of developing the priority branches;
- the government is moving to conduct a tough restriction on the prices of natural and artificial monopolists and the demonopolization of the economy;
- it is necessary for us to restrain the increase in prices and consumer funds, but, mainly, to stop the drop in the volume of production, for otherwise there is no way to avoid a financial catastrophe. The incomes of the budget this year are expected in the range of 5 trillion karbovantsy, but expenditures exceed 8 trillion.

Two variants of the indicated plan for 1993 have already been developed. However, they do not achieve balanced natural and cost proportions. But to put it more simply, there is a disparity between the volumes of the commodity mass and the monetary resources. And we know

very well what this means: a new wave of inflation. We cannot permit this, and we are developing a new variant.

The government intends to stop the speculative spiraling of prices in the "producer-consumer" chain. We closed down small enterprises under the state giants, which our state sector did not like at all. We know of cases where there are five middlemen in this chain. And by the time a product gets to the consumer, its price increases by a factor of four or five. The government is preparing a decree that establishes a special tax procedure for the taxation of middleman operations. Starting with the second middleman, the tax will withdraw the entire difference in price;

—we are now conducting an offset of mutual debts of enterprises. We have already digested about 300 billion karbovantsy.

I would like especially to dwell on two positions and on the plan for urgent anti-inflationary measures.

I want to note that the conduct of an anti-inflationary policy and a system of tough stabilization measures requires a transfer of today's incapable National Bank to direct subordination to the government. In resolving this question, the government plans to limit emission severely, to establish a strict National Bank prime rate, to normalize interaction with commercial banks, to freeze wages at state enterprises, allowing their increase only when there is a corresponding increase in production, at the same time establishing strict control over the prices of monopolists, and to apply the Law on Bankruptcy to the full extent. And I want to warn: If these points prove to be unacceptable; if there is pressure on the government with the aim of irrational emissions, and an uneconomical, administrative increase in wages, then this will mean that the Supreme Soviet assumes full responsibility for the fate of the people of Ukraine

Administrative efficiency is another problem. Analysis has shown that executive efficiency is conditioned by the failure of the system of administration on two levels: On the level of relations of regional executive organs with immediate economic facilities, and the second failure—the interaction of the central organs of authority with the regional executive organs.

This is a management-personnel problem—first of all, and for its resolution, we are preparing a series of decrees on the creation of a personnel mechanism policy at four levels: Cabinet of Ministers, branch ministries, oblast state administrations, and rayon state administrations. By adopting this mechanism, we expect sharply to raise the efficiency of the state sector of the economy, to intensify the process of decentralization and regionalization, and to create a mechanism to stimulate and control management personnel.

One more extremely urgent problem is relations with Russia and with the other CIS states. Recent negotiations have shown that we can reach an agreement on

conditions that are beneficial and not negative for Ukraine. Today, we cannot overcome the crisis without mutual help.

In evaluating how our meeting today was prepared, I would like to remind you of the words of Heraclitus: "You cannot enter the same stream twice." The only thing that can now really threaten the existence of Ukraine is a large-scale political conflict that will inevitably grow into a regional confrontation. I want to emphasize once more: The activation of any kind of stabilizing measures today is possible only if there is political stability and national harmony! I must say that those political forces that today exploit social instability, and who rouse the people to achieve personal objectives, are carrying out an attack not on one or another official, and not on any kind of a structure, but on the Ukrainian state as a whole. It is necessary to talk today about the attempt to change the state structure, about a reorientation from statehood to something mysterious, and about deliberate actions to inflame a civil war.

I am confident that all efforts to return to the administrative-distributive socialist economy not only have no prospects, but that they can also lead to the very worst consequences, to a sociopolitical cataclysm.

Kuchma on Economic Policies, 'Survival'

934K01104 Kiev UKRAYINA MOLODA in Ukrainian
15 Jan 93 pp 4-5

[Interview with Prime Minister of Ukraine L.D. Kuchma by Larysa Ostrolutska; place and date not given: "The Government Will Live Through the Winter Unless It Falls in the War With the Windmills"]

[Text]

[Ostrolutska] Leonid Danylovych, to tell you the truth, I had other ideas about beginning our interview. However, my last shopping trip made such a powerful impression on me that I cannot help asking this. Do you think that our life has become excessively expensive?

[Kuchma] I understand this full well myself. If I were not within the walls of this office, I would perhaps put it more forcefully: Where are you leading us?

[Ostrolutska] "Where" is not the issue. Obviously, an overwhelming majority of our society understands that these steps have been forced, but understanding does not fill one's stomach...

[Kuchma] Believe me, for a long time I could not bring myself to sign these decisions. For a long time, we sorted through the probable "backup scenarios." A rapid increase in the volume of output could be an alternative, but it is absolutely unrealistic under current conditions. A large deficit, which appeared when energy became sharply more expensive, could also have been offset from a stabilization fund, but we do not have such either. In addition to this, a large gap between prices for industrial

output and those for agricultural output has emerged in our country. It became unprofitable for the peasants to produce and sell their output. As a matter of fact, a quiet blockade on the part of the peasants began; in a way, they had their reasons...

However, I will tell you frankly that my heart still bleeds; I wonder why on earth fate had a situation in store for me whereby people refer to me "in kind and quiet words" every now and then.

[Ostrolutska] The main point in this may be to know what you are suffering for. From the first days of its operation, the Cabinet of Ministers has actively "gone for edicts." I would like to believe that they are components of a government program for the stabilization of the economy which will point out to us the path toward the light at the end of the tunnel. However, it is obvious that this program is being drafted with great difficulty. As far as I know, various versions exist, but there is no program which the government would be prepared to submit to the parliament.

[Kuchma] Indeed, three drafts exist. However, you can understand what the difficulty is... on one hand, this should be a long-term program. This is certain. On the other hand, every day occasions adjustments. The most frightening fact is that our economy is completely dependent. If today they wish to do something in Moscow, nothing will remain tomorrow of the program "painted" by us.

At present, our dependence on oil deliveries exceeds 90 percent, and on gas deliveries, 80 percent. What can we say about this? If we, in conventional terms, do not begin to receive 150,000 tonnes of oil a day on 15 January we will not do the planting, and if we do not plant, we will just perish.

[Ostrolutska] Perhaps, you have read about your predecessor in the prime minister's seat, Vitold Pavlovych Fokin, stating in one of the Kiev newspapers that there was oil in Ukraine for as long as we did not combat commercial structures.

[Kuchma] This is so inexpert that I just feel embarrassed for Vitold Pavlovych, whom I respect. This has to do with the fact that Russia has introduced clear-cut quotas for strategic goods, namely oil. By the time I became prime minister, Ukraine had already received 30 million tonnes of oil, and had exported 8 million tonnes beyond its borders. To ensure regular life, we need 45 million. Problems did not begin when we "put the squeeze" on commercial structures. We were going without fuel deliveries as early as September and October. We even depleted state reserves. What is the benefit of commercial structures in this case?

This year, the position of Russia is even more stringent. Ukraine's quota comes to only 15 million tonnes. Of course, we will come to an agreement, though negotiations proceed with difficulty.

[Ostrolutska] However, let us return to edicts. Which ones, from among those already accepted, appear to you to be the most fortuitous and beneficial to Ukraine from the point of view of bringing closer fundamental reforms and the desirable stabilization of the economy? Accordingly, which edicts are now timely?

[Kuchma] I would note the edict on the introduction of customs duties. This should have been introduced long ago; we have lost a lot by virtue of this. At present, we do not even have a picture of our trade balance. Decisions concerning quotas and licensing for products exported from Ukraine belong in this package. God willing, in the long run we will retract this decision, and solely the volume of duty will regulate the exports which Ukraine encourages and the ones it does not, but not for now. At present, we ship in other people's machinery from their scrap heaps, sell the machinery here, and take out the dollars... Smart operators line their pockets, but the state gets nothing because nothing is taxed.

An edict on the conversion of land parcels into property also appears important to me, and the decision to increase the working capital of enterprises... of course, the one about taxes.

[Ostrolutska] As far as I am concerned, this is one of the most important edicts.

[Kuchma] Indeed. It should offer incentives to the producer. For example, I did not agree with the position of Gaydar, who believed that a firm monetarist policy would be able to restructure Russia. I believe that nothing can be accomplished unless the mechanism begins working within enterprises.

We are presently drafting an edict on the incorporation of state enterprises. This is a great step toward privatization.

[Ostrolutska] You know, Leonid Danylovych, I got the impression, based on some of your statements, that you are quite skeptical about the path which was set forth in the program of privatization, in particular Ukrainian voucherization... Is this not so?

[Kuchma] Our approach to this issue should be as serious as can be. As far as small privatization is concerned—the service sector, trade outlets—I believe that we do not have another way to force these sectors to work for society. As far as large enterprises are concerned, I believe that we should be very careful in order not to mess up. Otherwise, this happens: At a session of the parliament, we drew up a list of enterprises which should be privatized first. However, these are our best enterprises, which are working well for the state to begin with. This is not where we need to begin; voucherization will not solve these problems.

[Ostrolutska] However, mass privatization is yet to begin; leasing is in full swing. This trend is getting stronger...

[Kuchma] I am a resolute opponent of enterprise leasing, especially in the form in which it is done in our country. Everybody takes the best shops and sections which are profitable; nobody wants to take an unprofitable enterprise and put it on its feet. For a pittance, the lessees get rid of any and all supervision: They mercilessly exploit state resources, invest nothing in production and development, work solely to benefit themselves, and drive the enterprise into the ground—with minor exceptions.

We should not take this path. I am even afraid that we will be late with our edict. We are close to most plants being leased (and who can ban their registration?). Meanwhile, this is the shortest path toward the state becoming unmanageable.

Incidentally, an edict will appear within days which will put an end to the existence of small enterprises, cooperatives, and various companies at state enterprises.

[Ostrolutska] Will your erstwhile colleagues go on strike?

[Kuchma] An overwhelming majority of my colleagues are decent people. It is just that there are certain individuals who have lost...

[Ostrolutska] ...perhaps, what they did not have to begin with.

[Kuchma] Yes, but the main point is that they have lost even the feeling of danger, and precisely because they operated within the law, vexing as it might be. If a worker steals 50 rubles [R] worth, he may go to prison. However, if millions and billions are plundered, everything is considered to be within the law. This maddens me! We sit here like Don Quixote and fight windmills. Everything may turn out to be in vain if there is no support from the law. To be sure, we are preparing a law on statutory penalties; at least we will be able to impose a fine or have someone fired. For now, we have dismissed the directors of oil refineries from their jobs, but I hear they continue to go there in peace.

[Ostrolutska] To their small enterprises?

[Kuchma] Not at all, to their offices. They manage. All of this is dispiriting, and I would like to tell the deputy fellows: I will not play this game; I do not like to be a laughing stock; let them select someone else to play this part.

[Ostrolutska] Of course, it is no secret to you that from the moment of your first speech in the parliament, you restored the faith of the people in the government, which, in general, was virtually impossible to do. Such a credit of confidence was revealed that perhaps it is the only explanation for the complete absence of criticism leveled against you in the initial two months of the operation of the government. However, you are already beginning to "catch it," too. Criticism from the "working masses" and a march on the Supreme Soviet from the Arsenal are understandable in and of themselves.

[Kuchma] The personnel of the Arsenal are mature people. A day later, when we explained everything to them, they supported the government.

[Ostrolutska] However, they are quietly beginning to jab a little from the other side. On one occasion, Procurator Shyshkin stated that you wanted to make him into a "puppet" procurator; on another, the economist Chernyak stated that a price increase was an erroneous step. Certain commissions of the Supreme Soviet expressed dissatisfaction with the edicts of the Cabinet of Ministers. Is opposition to the actions of the government being born?

[Kuchma] You see, it was very well that we issued some of these decrees when the parliament was in recess. Had the edict on the liberalization of prices come up during the session, the decision would have been revoked, and I would have resigned.

[Ostrolutska] Incidentally, do you attribute the fact that the decisions came up on the eve of the New Year holiday solely to this?

[Kuchma] I attribute it to this among other things. I made just one mistake: This package of documents did not include an edict on increasing the minimal level of wages.

Had we begun to consult a broad circle, we would have been stuck. What about the criticism that is heard? So, Chernyak criticizes, but he does not propose anything. His recommendations concerning privatization and other market-oriented reforms are substantive, but these are long-term pursuits. How does he recommend that we act at present, given that energy prices have increased by a factor of 300, and will increase further?

[Ostrolutska] In one of your presentations, you said that the manageability of our economy comes to only three percent. While they call you a "pragmatic evolutionary," your first step was certainly revolutionary: You came out in favor of the dual subordination of the state administration—to the president and the Cabinet of Ministers. Time has passed, and apparently you can already say what this step has accomplished.

[Kuchma] It accomplished one-half. I am a supporter of executive power being subordinated to those who bear direct responsibility for the state of affairs, and this is what the prime minister and the government do. Thus, executive power should be subordinated to them. If someone fails to carry out the edicts and resolutions of the government, this "someone" should leave his post. Meanwhile, when the edict on price liberalization was issued in our country, certain representatives of the president ignored it. I would have dismissed them; let them appeal to the people or whomever else later. After all, an edict is a law.

[Ostrolutska] Did the dual subordination of executive structures stand in your way, too?

[Kuchma] Not mainly. As far as the president is concerned, he supports me. However, this "duality" of positions makes it possible for certain local executive leaders to play on emotions: Those at the top are idiots, they say, we know better here. However, it is possible to calculate how much has been lost by virtue of this. Later, all of them say: Give us money. From where? I reported to the president that this cannot go on.

We are now renewing state power and the management of state assets. At the local level, both enterprises and leaders like it because they feel, on the scale of a city or rayon, what I feel here, that power is not recognized. In the absence of state power, no major improvement is possible.

Ministries are to play a coordinating role. At present, contracts are being re-signed with all state enterprises. Together with the local authorities, ministries determine for themselves what a particular enterprise and its manager are about, and for whom the latter works. We would like to make the salary of the directors of state enterprises dependent on the results of their work. At present, this is not a great concern to them: Whether their enterprises increase the volume of output or not, they reduce the labor force, distribute the wage fund among those who remain, and themselves draw salaries five to six times the size of the average salary, based on their positions. In addition, calculate how much they earn by simultaneously working for small enterprises or limited liability companies.

[Ostrolutska] Leonid Danylovych, I would like to ask you something, as a "mafia fighter" (grateful listeners to your speeches have already conferred this title on you). Perhaps you are aware that a recent sociological poll ranked the mafia first in terms of influence on the state of affairs in our society, the president second, and subsequently the government and the Supreme Soviet. Do you intend to change anything on this list? After all, manageability and the struggle against the mafia may be related problems.

[Kuchma] Certainly. This has to do with the fact that the staff of officials and managers has lost its liking for honest work. Wages in state structures were such that it was difficult not to take bribes. The other side of this coin is that we, in the parliament, passed laws which, it was believed, would work. Meanwhile, the laws do not work. Nobody tried to change this situation. Enterprises did their own thing, and the government did its own. Say, the government could perhaps ask a director for something, but if he failed to comply, the government did not have levers to influence him.

[Ostrolutska] It is hardly pleasant to come up empty handed. Perhaps, under the circumstances one understands best that, at present, the independence of Ukraine is being gained on the economic front. We are talking on the very eve of a meeting between the heads of governments of Ukraine and Russia. We would like the negotiations to be fruitful. However, in addition to the modern problems of the post-Soviet period, there is one

that dates as far back as "Gorbachev's perestroika." I mean the Union debt to the West and the portion of it which Ukraine should repay. It was your government that first delegated to Russia the right to pay the debts, and on the eve of the New Year revoked this right. Do such actions not appear somewhat illogical to you?

[Kuchma] Why? We signed a treaty by virtue of which we assigned to Russia our portion of the debt, whereas Russia was to "put on the table" its foreign assets and liabilities. They not only failed to comply with their part of the treaty, but did not even respond to us at all. We then made our statement: We will pay ourselves, but we claim our portion of the assets. At the same time, we are ready for further negotiations.

[Ostrolutska] Do you think that we have a chance to receive any assets?

[Kuchma] Assets over there are such that it is unknown whether even Russia will receive them. To a considerable degree, these are the debts of Cuba, Angola, and Nicaragua.

[Ostrolutska] So, why would we not relinquish these debts and let Russia pay them all right?

[Kuchma] We have interests as far as the Black Sea and Danube Shipping Lines, the mining of bauxite in Guinea for our aluminum plants, and the receipt of premises for embassies abroad are concerned. However, I will repeat that we are ready for negotiations.

[Ostrolutska] At present, steps taken by the new government are being favorably received by the West. Does this mean that the floodgates for investment will finally open? Otherwise, it is just insulting to read this: Foreign capital investment in Kazakhstan this year amounts to \$9 billion, whereas in Ukraine—\$178 million...

[Kuchma] Kazakhstan has oil. Oil tempts, regardless of the situation in the country and the condition of its economy. To tell you the truth, I do not believe that great investment will be made in Ukraine in the immediate future. Prominent businessmen will not risk investing capital until we stabilize the economy and reforms get underway. A majority of those who swarm around us try to profiteer on the troubles of our inexperienced state. When you analyze it, everyone is selling at dumping prices which are terrifying.

[Ostrolutska] Leonid Danylovych, of course, I cannot fail to ask you about the space prospects of Ukraine.

[Kuchma] It will be a great pity for me if we ruin the most modern and advanced production in the world, because I have worked on this all my life; nor will our progeny forgive us. The heart of the matter is that they do not want to admit us into the Western market because our rockets, in terms of technical standards, are better than American, French, or any other rockets in the world. Since there are no bright prospects, we should retain what we have. This is possible only in an alliance with Russia and Kazakhstan. Russia, likewise, cannot do

without our delivery vehicles. If Russia wants to produce them, how much time and funding will this take, and what will come out of this? Likewise, at present, the Russians are doing nothing, apart from launching cosmonauts and various little things. They are not admitted to the world market, just like us. They tried to trade with India with something that is not suitable for military purposes at all, and were immediately accused of rocket technology proliferation. Therefore, we need to cooperate and break through into the world market together, rather than look to Uncle Sam. We also see this in the case of our nuclear disarmament.

[Ostrolutska] Leonid Danylovych, the government was off to a quick start. However, the time and place of the next stop are visible: It is May 1993, when the authority granted to the government by the parliament expires. What do you expect to arrive at the appointed date with? What next? Will you seek an extension of your powers?

[Kuchma] In this instance, we should face the truth: Energy prices are expected to jump yet again, and it is unknown how long the patience and the confidence that the people have in the government will last. So, you see, it is possible that the government will not last until May. If we, all of us together, endure, we should ask the parliament to extend the authority of the government, to legislatively establish the basis of responsibilities, and to revise many laws.

[Ostrolutska] Pardon me for this hard question: How much time do you allow for the present government, for yourself as prime minister?

[Kuchma] Why hard? I will repeat that I am not certain whether this government will survive the winter. I have been criticized many times for these words, but a lot depends on our mutual relations with Russia.

If we come out of this winter and overcome these difficulties, I indeed believe that this year we will succeed in arresting the drop in production. I do not maintain that we will begin to augment. I do not dream about this yet; however, it is the task of the government to arrest the decline. I believe that if we have to go we will have prepared a base for the next government, because we will have drunk the bitterest cup by then.

[Ostrolutska] Leonid Danylovych, all of us want to get out of the hole as soon as possible. Since we believe in this government of reformers, we would not like to lose it that easily. Therefore, let us talk about something different. You understand that a lot of legends and fantasies always appear concerning a person who comes to play the first fiddle, and so suddenly at that. For example, they maintain that you are a henchman of the director community. Are you really a henchman? Whose? Lift the shroud for us: How did you become prime minister? Did you agree or disagree, and on what terms?

[Kuchma] I really did not force my way to the podium; I tried to stay away from political passions, for which I

was later reproached. As the manager of an enterprise, I saw that the situation was changing for the worse. I openly shared my thoughts in the commissions of the Supreme Soviet. This may have played a role, because it is hard to understand otherwise why my candidacy was proposed with such unanimity, even by different factions. Ivan Stepanovych Plyushch talked to me first. I categorically refused. The president invited me on the eve of the elections, at 1600 hours. I tried to refuse this as well, but he said: Name other candidates for the whom the parliament would vote.

[Ostrolutska] Did you name them?

[Kuchma] I did, for example, Symonenko, who was acting prime minister.

[Ostrolutska] You did not use him yourself later...

[Kuchma] Yes. Generally, it is not worthwhile to embark on a journey with old baggage, though he does have many good business qualities.

[Ostrolutska] Fokin maintained that he had invited you to be deputy prime minister before.

[Kuchma] Yes, on two occasions, to be the first prime minister and just a deputy prime minister. All my life, I have sought to never leave the ground. Those whom I have worked with may confirm this. I knew that the higher you fly the harder you fall. If you do end up in some important position do not believe that you are more intelligent than others. It is just that destiny has chosen you, but someone else could have been chosen...

[Ostrolutska] Your speeches are so figurative. Do you "draft" them yourself?

[Kuchma] My team helps.

[Ostrolutska] Is it true that you paid homage to a genre of songs performed by authors? Were you an amateur singer? Did you draw large audiences?

[Kuchma] I spent 10 years at a testing ground. Do you know what this is, Baykonur, or the northern space launch complex? This is a compound in the steppe, with sands around it. You could not do without a guitar and songs. As far as my idol, naturally it was Vysotskiy then, and he still is.

[Ostrolutska] Leonid Danylovych, they say that your surgery is associated with radiation which you were exposed to during the testing of missiles which are now covered by the START treaty...

[Kuchma] At any rate, they asked me during surgery whether I had been to Chernobyl.

[Ostrolutska] What about the missiles? Is it not a bitter irony of fate: to create in order to later destroy?

[Kuchma] Yes, out of 176 missiles, 46 are mine, ours. We might say that they are the best and the most modern. To be sure, there are more powerful ones, also

ours, which are installed to this day in Russia and Kazakhstan. The United States recognizes us with these missiles. Naturally, it would be painful to destroy them: A great deal of labor and funds have been invested in making them. A substantial proportion of such missiles may be used for peaceful purposes, in particular, to launch satellites. As far as nuclear weapons having to disappear from our planet, it is unambiguous. These are terrible weapons.

[Ostrolutska] At present, you live...

[Kuchma] At a state dacha. This is on the road toward Chernobyl. For now, I do not have an apartment.

[Ostrolutska] That is, you lived in a hotel before you became prime minister?

[Kuchma] Yes. The newspaper NEZAVISIMOST was the one to "put me up" in the residence where Thatcher lived.

[Ostrolutska] So, you, a Kievan since recently, one without an apartment, have become the Kievan of the year, according to a poll taken by a radio station in the capital city. Does this title offer you comfort?

[Kuchma] I wish I could keep my good name among the people, so that they will not be left with the feeling that yet another "temporary" has come, grabbed his share, and moved on.

[Ostrolutska] Do you feel like a Kievan?

[Kuchma] No, in my spirit I remain in Dnepropetrovsk, at the Southern Machine Building Plant. Attachments die hard.

[Ostrolutska] Leonid Danylovych, I would like to ask you this question to finish up: Will all of us be better off in 1993? However, I am afraid that the answer is already clear.

[Kuchma] People cannot live without hope, and neither can a prime minister. I expect, I do not promise, that a turning point will come, if not right away.

[Ostrolutska] Thank you for the hope given.

Cabinet of Ministers' Edict on Compensation to Citizens Due to Devaluation of Savings

934K0168 Kiev HOLOS UKRAYINY in Ukrainian
23 Jan 93 p 6

[Text of decree signed by Ukrainian Prime Minister L. Kuchma and Minister of the Ukrainian Cabinet of Ministers A. Lobov under the rubric "Decree of the Cabinet of Ministers of Ukraine": "Compensation for Citizens of Ukraine for Losses From the Devaluation of Savings at the Savings Bank of Ukraine"]

[Text] The Cabinet of Ministers of Ukraine decrees:

1. That compensation be made to citizens of Ukraine for losses from the devaluation of monetary savings at institutions of the Savings Bank of Ukraine as of 2 Jan 92 on these terms:

—compensatory payments are made on the balance of savings, in the amount of no more than 2,000 rubles, via their increase by 200 percent on one passbook of each account holder only;

—a notation on the making of the compensatory payment by an institution of the Savings Bank of Ukraine must be made in the passport of an account holder who is a citizen of Ukraine, or in a document taking its place.

The compensatory payments are to be made before 1 Jul 93. The making of compensatory payments after the close of the designated time period will be ended by the institutions of the Savings Bank of Ukraine.

2. The procedure for paying the compensation and monitoring the correctness of the notations in the passports of the holders, as well as the reimbursement of the payments to the Savings Bank of Ukraine, will be developed and approved by the National Bank of Ukraine in conjunction with the Savings Bank of Ukraine and the Ministry of Finance of Ukraine. The responsibility of officials for a failure to make notations in the passports of holders on the making of a compensatory payment is stipulated under prevailing legislation.

3. The depositors of the Savings Bank of Ukraine have the right to dispose freely of the amount of the compensation that is determined in accordance with Article 1 of this Decree, as well as the amount of 100-percent compensation for deposits that are credited in accordance with the Edict of the President of Ukraine of 6 Mar 92, "Compensation to the Population of Ukraine for Losses From the Devaluation of Savings in Connection With the Liberalization of Prices," and the amount of the 40-percent compensation for deposits that are credited in accordance with the Edict of the President of the USSR of 22 Mar 91, "Compensation to the Population for Losses From the Devaluation of Savings in Connection With the One-Time Increase in Retail Prices."

4. The Ministry of Finance of Ukraine will transfer to the Savings Bank of Ukraine the amount of funds credited in accordance with Article 1 of this Decree and the Edict of the President of Ukraine of 6 Mar 92, "Compensation to the Population of Ukraine for Losses From the Devaluation of Savings in Connection With the Liberalization of Prices" and the amount of the 40-percent compensation for deposits credited by the Savings Bank of Ukraine under the Edict of the President of the USSR of 22 Mar 91, "Compensation to the Population for Losses From the Devaluation of Savings in Connection With the One-Time Increase in Retail Prices," as well as the amount of interest credited (proceeding from a rate of 15 percent annually) for the deposits of the population of Ukraine that were centralized by the Savings Bank of the former Soviet Union as of 1 Jan 91.

The amounts of the funds designated in this article and transferred to the Savings Bank of Ukraine are attributed to the state domestic debt of Ukraine.

5. The Savings Bank of Ukraine, with the aim of protecting the deposits of the citizens of Ukraine against devaluations as a consequence of inflation, will establish a percentage rate on deposits of the population held for a term of not less than six months, at the level of the accounting rate of the National Bank of Ukraine, starting as of 1 Jan 93.

6. It is recommended that the commercial banks of Ukraine carry out the measures envisaged by this Decree at the expense of their own funds.

7. This Decree takes effect from the day of its publication.

Prime Minister of Ukraine L. Kuchma
Minister of the Cabinet of Ministers of Ukraine A. Lobov
City of Kiev
11 Jan 93

Edict on Private Businesses Attached to State Enterprises

934K0173A Kiev HOLOS UKRAYINY in Ukrainian
13 Jan 93 p 2

["Edict of the Cabinet of Ministers of Ukraine on Streamlining the Operations of Subjects of Entrepreneurial Operations Established With the Participation of State Enterprises"]

[Text] With a view to streamlining the management of state assets, the Cabinet of Ministers of Ukraine resolves:

1. To establish that state enterprises may not be founders of enterprises of all organizational formats and types, economic associations, and cooperatives (henceforth—subjects of entrepreneurial operations).

2. Organs authorized to manage state assets and state privatization organs (with regard to subjects with a mixed form of ownership) shall be the legal successors of state enterprises as far as the subjects of entrepreneurial operations established with the participation of the latter are concerned.

Before 1 April 1993, subjects of entrepreneurial operations with a mixed form of ownership shall be transformed into economic associations of which state privatization organs shall be founders, on behalf of the state. In the process, the proportion of state assets is determined by accounting for their free transfer from the balance sheets of state enterprises to those of the subjects of entrepreneurial operations at prices in effect at the time of transformation.

3. The executive committees of city and urban rayon soviets of people's deputies, the rayon state administrations and those in the rayons of the cities of Kiev and Sevastopol, relevant organs authorized to manage state

property, and state privatization organs shall reregister the subjects of entrepreneurial operations founded by state enterprises before 1 April 1993, without collecting a fee for such reregistration.

4. Bank establishments must close the accounts of the subjects of entrepreneurial operations of which state enterprises are founders as of 1 April 1993.

5. It is forbidden for the managers and deputy managers of state enterprises, establishments, and organizations, their structural subdivisions, as well as the officials of state organs, and organs of local and regional self-government, directly to engage in entrepreneurial operations. This does not rule out their right to receive dividends from shares, as well as profits from other corporate rights

6. To suspend the effect of:

—the first paragraph, point 1, Article 5 of the law of Ukraine "On Enterprises in Ukraine" (VIDOMOSTI VERKHOVNOY RADY URSR, 1991, No. 24, p. 272) with reference to the right of state enterprises to act as founders of enterprises;

—the first and second parts of Article 3 of the law of Ukraine "On Economic Associations" (VIDOMOSTI VERKHOVNOY RADY UKRAYINY, 1991 No. 49, p. 682) with reference to the right of state enterprises to be founders or participants in economic associations.

7. The present edict does not apply to banks, exchanges, trading houses, insurance companies, and enterprises with foreign investment which were established with the participation of state enterprises before the edict took effect.

8. The present edict takes effect on the day of publication.

[Signed] Prime Minister of Ukraine L. Kuchma
Minister of the Cabinet of Ministers of Ukraine A. Lobov
City of Kiev
31 December 1992

Edict on Issuing Export Quotas and Licenses

Text of Edict

934K0170A Kiev HOLOS UKRAYINY in Ukrainian
26 Jan 93 p 8

["Edict of the Cabinet of Ministers of Ukraine, Dated 12 January 1993, on Quotas and Licenses for the Export of Goods (Work, Services)"]

[Text] With a view to ensuring the rational structure of exports and protecting the domestic market, the Cabinet of Ministers of Ukraine resolves:

1. To establish that:

- state registration of the subjects of entrepreneurial operations in Ukraine as participants in foreign economic operations is not required for them to engage in foreign economic operations;
- decisions concerning the introduction of license and quota requirements for exports (imports) are made by the Cabinet of Ministers of Ukraine at the request of the Ministry of Economy of Ukraine, with a list of specific goods (work, services) covered by license and quota requirements and the duration of the effect of such requirements indicated;
- duty is not collected on goods (work, services) which are exported by the subjects of entrepreneurial operations within the quotas assigned to them;
- quotas for the export of goods (work, services) are confirmed by the Cabinet of Ministers of Ukraine;
- the implementation of quotas and licenses for the export of goods (work, services) is effected by the Ministry of Foreign Economic Relations of Ukraine;
- licenses are issued to the subjects of entrepreneurial operations on the basis of quotas assigned to them or confirmation of payment of severance (export) duties.

2. To authorize the export of goods (work, services) above the set quotas, which are not entailed by international obligations of Ukraine, on condition that severance (export) duty is paid.

3. To confirm a list of goods whose export is subject to quota and license requirements in 1993, and Regulations on Procedures for the Implementation of Quotas and the Issuance of Licenses to Export Goods in 1993, which are appended.

4. To suspend:

in the Ukrainian Soviet Socialist Republic Law "On Foreign Economic Operations" (VIDOMOSTI VERKHOVNOY RADY URSR, 1991, No. 29, page 377):

Parts 3, 4, 5, 6, 7, 8, and 9 of Article 5;

the fourth paragraph in Part 4, Article 9 with reference to the state registration of participants in foreign economic operations;

Parts 7, 11, and 12 of Article 16, as well as Part 14 of this article with reference to including in the license application the number of the certificate of a participant in foreign economic operations, and Part 17 of this article with reference to the deadline for making decisions on the issuance of licenses or refusal to issue them;

in the Law of Ukraine "On Foreign Investment" (VIDOMOSTI VERKHOVNOY RADY UKRAYINY, 1992, No. 26, page 357)—Article 9 with reference to guarantees against changes in legislation which regulates the shipment abroad of goods purchased by foreign investors in the domestic market of Ukraine, as well as Part 3, Article 14 with reference to the license-free export of goods.

5. The decree takes effect on the day of publication

[Signed] Prime Minister of Ukraine L. Kuchma
Minister of the Cabinet of Ministers of Ukraine A. Lobov
City of Kiev
12 January 1993

List of Goods Requiring Quotas, Licenses

934K0170B Kiev HOLOS UKRAYINY in Ukrainian
26 Jan 93 p 8

["List of Goods Whose Export Is Subject to Quota and License Requirements in 1993. Confirmed by Edict of the Cabinet of Ministers of Ukraine No. 6-93, Dated 12 January 1993"]

[Text]

Name of commodities	Code of the Commodity Nomenclature for Foreign Economic Operations
Grain, flour	10.01-10.08; 11.01-11.05
Sunflower seeds, rapeseed	12.05; 12.06 00900
Meal and oil-cake from the seeds of oleiferous crops	12.08
Live animals and products of animal breeding; fats and oils of animal or vegetable origin; fish and fish products; unskimmed powdered milk; nonfat powdered milk	01.01-01.04; 02; 03.01-03.06; 04.0210; 04.0221; 04.05; 15.01-15.07; 15.12; 15.14-15.18
Sugar	17.01 12100, 91000, 99100
Drinking ethyl alcohol and alcoholic beverages	99900 22.07-22.08
Graphite	25.04; 38.01
Cement	25.23
Iron and manganese ores and concentrates	26.01; 26.02
*Nonferrous metals, raw materials for their production, rare and rare earth metals, including secondary metals, their alloys, powders, and semifinished products, rolled nonferrous metal, scrap and waste nonferrous metals	26.03; 26.04; 26.06-26.09; 26.11-26.14; 26.1590100; 26.1510000; 28.05; 74.01-81.13

Name of commodities	Code of the Commodity Nomenclature for Foreign Economic Operations
*Ores and concentrates of precious metals, precious metals in the form of suspensions, organic or inorganic compounds of precious metals, whether chemically defined or not, amalgams of precious metals	26.16; 28.43
*Coal	27.01-27.04
Crude oil	27.09
*Refinery products, oils, and other products of oil refining	27.07; 27.10
*Petroleum and other derived hydrocarbon gases	27.11
*Electricity	27.16
Inorganic acids	28.06-28.11 28.14; 29.01 21000; 29.02
Mineral fertilizer, ammonia, methanol, ethylene, benzene	20100, 20900; 29.0511000; 31.02-31.05
Medicines (including raw materials for medicines)	30.01-30.06, 12.11; 12.07
Titanium dioxide	32.06 10100
Hides of bovine or equine animals, sheep or lambs, and others	41.01-41.03
Raw materials for furs, furskins, furs, tanned or dressed hides	43.01, 43.02
Commercial timber, lumber, wood pulp, paper, and cardboard	44.01-44.18, 44.21, 47, 48
*Precious and semiprecious stones, grit or powder of the above, precious metals	71.01-71.16 (710., 71.0700000 are not subject to special export procedures)
Cast iron, rolled ferrous metal, steel pipes, ferrous alloys, scrap and waste of ferrous metals	72, 73.01-73.07
**Woolen fabrics	51.11-51
**Cotton fiber, cotton yarn, cotton fabrics, cotton sewing thread, garments	52.05; 52.06; 52.08-52.12; 62.04
**Flax fiber, hemp fiber, flax fabrics	53.01; 53.05; 53.09
**Chemical filaments	54.02-54.05
**Chemical staple fiber and fabrics made with it	55.09; 55.10; 55.12-55.16;
**Hosiery	61.15
Salt	25.01

*Goods whose export is subject to special procedures set forth in Edict No. 16-92 of the Cabinet of Ministers of Ukraine, dated 26 December 1992 "On the Establishment of Special Procedures for the Export of Certain Types of Goods."

**Goods the exports of which are subject to quota and licensing requirements only in European Community countries

Regulations on Procedure for Issuing Quotas, Licenses

934K0170C Kiev HOLOS UKRAYINY in Ukrainian
26 Jan 93 p 8

["Regulations on Procedure for Implementation of Quotas and Issuance of Licenses to Export Goods in 1993. Confirmed by Decree of the Cabinet of Ministers of Ukraine No. 6-93, Dated 12 January 1993"]

[Text] The present Regulations set forth uniform procedures for the issuance of quotas and licenses for all types of export operations, including involvement in production and technical cooperation and scientific-technical relations, crossborder and coastal trade, trade under compensation agreements, barter operations, and operations with goods which are moved across the border in the form of customer-supplied raw materials, etc.

1. Procedures for the Establishment of Quotas for the Export of Goods

1. Quotas for the export of goods are confirmed by the Cabinet of Ministers of Ukraine at the request of the

Ministry of Economy of Ukraine, proceeding from the projected balance sheets of production and consumption of certain types of goods.

2. Quotas are established and sold at auctions solely by the Ministry of Foreign Economic Relations of Ukraine.

3. Quotas for exports effected within the limits of state contracts and state requisitions shall be issued free of charge. Such quotas shall be issued until 1 March 1993.

4. A properly drawn up state contract between a ministry (department) authorized by the Cabinet of Ministers of Ukraine, and a subject of entrepreneurial operations, or a technical assignment to meet state requisitions issued to such a subject, constitutes the basis for the establishment of a quota free of charge.

5. Quotas for the export of goods which are not covered by state requisitions and state contracts shall be sold at auctions.

6. Procedures for the sale of quotas at auctions are established by the Ministry of Foreign Economic Relations of Ukraine in coordination with the Ministry of the Economy of Ukraine. The list and volume of export quotas for sale at auctions, as well as terms of sale at auctions, are communicated by the Ministry of Foreign Economic Relations of Ukraine through the mass media no later than 20 days before the day the auction is held.

7. Proceeds generated by the Ministry of Foreign Economic Relations of Ukraine are allocated to cover outlays entailed by holding the auction, and the remainder is allocated to the budgets of the relevant organs of local self-government on whose territory the purchasers of export quotas are located.

8. Only depletion of the total export quota for the goods in question, confirmed by the Cabinet of Ministers of Ukraine, may provide grounds for refusing to establish a quota.

II. Procedures for Issuing Licenses to Export Goods

9. Licenses are issued exclusively by the Ministry of Foreign Economic Relations of Ukraine in keeping with the list of goods whose export is subject to quota and license requirements in 1993.

The allocation of a quota or the payment of export duty in compliance with the requirements set forth in Point 12 of the present regulations constitutes grounds for the issuance of a license.

10. General licenses are issued for the export of goods within the framework of a state contract or state requisition, as well as by individual decisions of the Cabinet of Ministers of Ukraine.

One-time licenses are issued in other cases.

11. Licenses shall not be transferred to other legal entities, except for cases involving the transfer of licenses to execute a contract to a middleman who sells goods on the basis of a contract of commission, assignment, or agency agreement.

12. Licenses are issued through procedures envisaged in Article 16 of the Law of the Ukrainian Soviet Socialist Republic "On Foreign Economic Operations" and the present edict.

13. The following documents are appended to requests for licenses, which are properly drawn up in triplicate:

- a letter-application by a subject of entrepreneurial operations for the issuance of a license;
- a copy of the contract and its specifications;
- a document confirming the establishment of a quota or the payment of the severance (export) duty.

14. Subjects of entrepreneurial activities are responsible for the authenticity of information which is furnished for the consideration of requests for licenses.

15. Licenses are issued to petitioners for up to one calendar year. Based on a substantiated application, their validity may be extended, which is confirmed in writing.

16. Decisions to issue licenses, or to refuse to issue them, are made no later than 15 days from the date of the filing of the request and its registration in the Ministry of Foreign Economic Relations of Ukraine.

Decisions to refuse to issue licenses are made in the event of:

- failure to furnish the documents referred to in Point 12 of the present Regulations, or incorrect preparation of these documents;
- export of goods at dumping prices, i.e. prices which are not in line with indicator prices set by the Ministry of Foreign Economic Relations of Ukraine;
- depletion of quotas which are assigned by the Ministry of Foreign Economic Relations of Ukraine and follow from the international obligations of Ukraine.

17. Before the 15th day of the month following the reporting quarter, the Ministry of Foreign Economic Relations of Ukraine furnishes the Ministry of the Economy of Ukraine information on license issuance, with a distinct special line for data on licenses issued toward quotas for state needs.

Cabinet of Ministers' Edict on Procedure for Levying Customs Tax

934K0135A Kiev HOLOS UKRAYINY in Ukrainian
12 Jan 93 p 11

[Edict Issued by the Ukrainian Cabinet of Ministers: "On the Procedure for Levying Customs Duties on Items Being Carried (or Sent) by Citizens out of Ukraine"]

[Text] The Ukrainian Cabinet of Ministers hereby decrees the following:

1. It is ordained that items being carried (or sent) out of Ukraine by Ukrainian citizens, foreign citizens, or persons without citizenship (all of which are hereinafter referred to as citizens) shall be subject to the levying of customs duties in accordance with the rates given in the Appendix to the present edict.

Items not designated in the aforementioned Appendix, when and if carried (or sent) out of Ukraine, shall have customs duties levied on them in the amount of 100 percent of their domestic retail price, as based on a commodity check.

2. The following items being carried (or sent) out of Ukraine shall be exempt from the payment of customs duties:

a) goods (except for wine, other alcoholic beverages, and tobacco products, as well as food products) having a total

value which does not exceed twice the amount of the minimum wage, or in an amount which does not exceed the total sum in its equivalent foreign currency as designated in the declaration at the customs checkpoint, provided that this currency is to be added as profit on the aforementioned goods;

b) items for personal use which are being carried (or sent) out of Ukraine at the same time;

c) items which are being carried (or sent) when citizens are moving abroad in order to establish permanent residence there;

d) hard liquor products in the amount of 1 liter, wine—2 liters, and tobacco products—200 cigarettes (or 200 grams of these products) per person.

3. Citizens shall be forbidden to carry food products out of Ukraine with the exception of those items for their personal consumption en route.

4. The customs duties on items being carried out of Ukraine by citizens who are permanent residents of Ukraine should be paid ahead of time at the customs office located in the region of their activity or their permanent residence. If the goods in question are presented by these citizens for the payment of customs duties at the customs house or post directly at the time of the border crossing, the customs duties shall be collected in the necessary amounts (with the exception of baggage being carried personally by the citizens). Foreign citizens and persons without citizenship shall pay customs duties at the customs booths.

5. Article 7 of the Ukrainian Customs Code—in particular, that portion of the regulations pertaining to the procedure for levying customs duties on items being carried (or sent) by citizens out of Ukraine—shall no longer be in effect.

6. This Edict shall go into effect within seven days from the day of its publication.

[Signed] L. Kuchma, prime minister of Ukraine

[Signed] A. Lobov, minister of the Ukrainian Cabinet of Ministers

Kiev, 29 December 1992

Rates for Customs Duties on Items Carried (or Sent) by Citizens out of Ukraine

Item	Unit of measure	Customs duty in U.S. dollars
Television set	each	100
Radio	each	14
Tape recorder	each	33
VCR	each	160
Videocassette	each	2
Audiocassette	each	0.5

Camera	each	22
Camera lens	each	11
Refrigerator or freezer	each	140
Washing machine	each	80
Sewing machine	each	50
Knitting machine	each	30
Vacuum cleaner	each	40
Electric iron	each	2
Electric meatgrinder	each	8
Electric blender	each	4
Electric juicer	each	8
Espresso machine	each	2
Electric teapot	each	2
Coffee maker	each	2
Electric samovar	each	5
Electric toaster	each	3
Electric drill	each	20
Oil-filled electric heater	each	6
Hotplate	each	12
Electric fan	each	3
Electric shaver	each	1.5
Lightbulb	each	0.1
Electric welder	each	55
Chainsaw	each	32
Rugs and carpeting	sq. meter	10
Baby carriage	each	25
Car trailer	each	200
Car tire	each	20
Motorcycle tire	each	8
Bicycle tire	each	2
Motor scooter	each	135
Motorcycle	each	180
Bicycle	each	25
Wallpaper	sq. meter	0.1
Facing tiles	sq. meter	2
Linoleum	sq. meter	1.5
Wash basin	each	4.5
Faucet	each	3.5
Gas range	each	40
Gas boiler	each	40
Engine block	each	180
Tulle and curtains	sq. meter	2
Leather ball	each	2.5
Soap and cleansers	kilogram	0.4

*Customs duties shall be recomputed in the Ukrainian national currency at the rate of exchange prevailing at the National Bank of Ukraine on the day when such duties are payable, and shall be settled in the Ukrainian national currency.

Cabinet of Ministers' Edict on Repayment of Construction Industry Debt

934K0135B Kiev HOLOS UKRAYINY in Ukrainian
12 Jan 93 p 11

[Edict issued by the Ukrainian Cabinet of Ministers "On Carrying Over the Term for Repaying Credits Granted to Enterprises and Organizations of the Construction Complex for Financing Their Operating Costs"]

[Text] Taking into consideration the financial status of enterprises and organizations in the construction complex, and the extraordinary situation with regard to accounts in capital construction—connected with the increased number of nonpayments by the customers who ordered construction and installation work to be done—as well as the indebtedness to suppliers, the Ukrainian Cabinet of Ministers hereby **decrees** the following:

1. The term for repaying credits in the total sum of 15 billion karbovantsy shall be carried over for enterprises and organizations of the construction complex in accordance with Decree No. 2335-XII, which was issued by the Ukrainian Supreme Council on 14 May 1992.

2. Enterprises and organizations of the construction complex shall be obligated to guarantee repayment of the above-designated credit beginning in April 1993 in equal installments, with its complete liquidation by December 1993.

3. Paragraph 2 of Decree No. 2335-XII, as issued by the Ukrainian Supreme Council on 14 May 1992 and entitled "On Granting Permission to the National Bank of Ukraine to Issue Credit," shall no longer be in effect.

The present Edict shall go into effect on the day it is published.

[Signed] L. Kuchma, prime minister of Ukraine

[Signed] A. Lobov, minister in the Ukrainian Cabinet of Ministers
Kiev, 29 December 1992

Cabinet of Ministers' Edict on State Regulation of Alcohol, Tobacco

934K0135C Kiev HOLOS UKRAYINY in Ukrainian
12 Jan 93 p 11

[Edict issued by the Ukrainian Cabinet of Ministers "On State Regulation of the Production, Trade, and Export of Alcohol and Alcoholic Beverages, as well as the Production of and Trade in Tobacco Products"]

[Text] In order to regularize the procedures involved in producing and selling ethyl alcohol made from foodstuff raw materials, whiskey, brandy, liqueur, and cognac products, and other alcoholic beverages which are made using it, as well as tobacco products, along with the inadmissibility of allowing poor-quality products penetrating into the food market, the Ukrainian Cabinet of Ministers hereby **decrees** the following:

1. It is ordained that:

the production of ethyl alcohol from foodstuff raw materials, whiskey and brandy, liqueur, cognac products, as well as other beverages made with the use of alcohol, can be carried out at state enterprises, as well as at enterprises under other forms of ownership, which—as of 1 January 1993 had the licenses appropriate for this activity;

trading in tobacco products can be carried out, provided that special permission (licenses) has been obtained. Such permission shall be granted by the Ukrainian Cabinet of Ministers or by the organs which it empowers to do this.

2. In the event that there is production or trading in ethyl alcohol from foodstuff raw material, whiskey and brandy, liqueur, cognac products, and other beverages made using alcohol by entities engaged in sub-enterprise activity, or by juridical persons who do not have such special permission (or licenses), all the earnings obtained from selling these products, as well as those earnings obtained from the unlicensed production or trade in tobacco items, shall be collected and added to the state budget upon the decisions of the Ukrainian Main State Tax Inspectorate or the Crimean Republic's state tax inspectorates, or those of the oblasts, rayons, cities, and municipal districts.

3. The export of ethyl alcohol made from foodstuff raw material, whiskey and brandy, liqueur, and cognac products, as well as other beverages made using ethyl alcohol, can be carried out only by entities engaged in foreign economic activity; such entities shall be specially empowered to do so by the Ukrainian Cabinet of Ministers.

4. It is ordained that in 1993 enterprises which produce ethyl alcohol from foodstuff raw material, whiskey and brandy, liqueur, and cognac products, as well as winery products using alcohol, shall not be subject to privatization.

5. Subparagraphs "a" and "b" of Paragraph 7 of Decree No. 2548-XII, issued by the Ukrainian Supreme Council on 7 July 1992 shall no longer be in effect.

6. The present Edict shall go into effect on the day it is published.

[Signed] L. Kuchma, prime minister of Ukraine

[Signed] A. Lobov, minister in the Ukrainian Cabinet of Ministers
Kiev, 31 December 1992

Decree on State Orders, Mechanism of Price Setting for Agricultural Products

934K0053B Kiev HOLOS UKRAYINY in Ukrainian
26 Dec 92 p 8

["Decree of the Ukrainian Cabinet of Ministers No. 714, Kiev, dated 23 December 1992: On the State Order and Mechanism of Price Setting for Agricultural Products"]

[Text] For purposes of forming state reserves of agricultural output and raw materials, the Ukrainian Cabinet of Ministers decrees:

1. To approve for 1993 the volumes of the state order for delivery to state reserves of basic types of agricultural output and raw materials in accordance with Annex No. 1.

For the Ministry of the Economy to inform within a week's time the ministries and agencies, the Council of Ministers of the Republic of Crimea, and the oblast and Sevastopol state administrations of the order for 1993.

2. For the Ministry of Finances to open for the Ministry of Agriculture and Food a special account for the accumulation of moneys within the framework of a value added tax received from producers of agricultural goods for regulation of prices on individual types of agricultural output sold to the state reserves in accordance with the list in Annex No. 2.

For the Ministry of Agriculture and Food together with the Ministry of the Economy, the Ministry of Finances, and the Ministry of Statistics to define and inform producers of agricultural goods and procurement enterprises and organizations of the levels of orientational starting procurement prices on individual types of agricultural output as well as procedure for their indexation.

For the Ministry of Statistics to provide for the introduction of appropriate reporting.

3. To recommend that the Council of Ministers of the Republic of Crimea and the oblast and Sevastopol state administrations examine questions regarding the introduction of the normative issuance to the population of individual types of meat products, dairy products, bakery products, oil, and sugar.

4. To grant procurement organizations preferential credits for advance payments to the suppliers of agricultural output.

For the Ministry of Finances in coordination with the National Bank to define procedure for the granting of such credits and to stipulate in the budget for 1993 moneys for partial reimbursement of interest rates to commercial banks.

5. To grant with the coordination of the Ministry of Finances preferential credit to the Ministry of Agriculture and Food for payment to producers of agricultural

food of 30 percent of the cost of the milk, livestock, and poultry that will be sold to the state reserves in January 1993, with subsequent repayment of the amount using receipts in accordance with Point 2 of this decree to the special account of the Ministry of Agriculture and Food.

6. For the State Committee for Material Resources, the Ministry of the Economy, the State Committee for Petroleum and Gas, the Ministry of Energy and Electrification, the Ministry of Agriculture and Food, and the State Committee for Grain Products to provide for the first-priority delivery of material and technical resources (fuel and lubricant materials, equipment for protecting plants and animals, chemical fertilizers, and combined fodders) to producers of agricultural goods from the volume of agricultural output and raw materials stipulated by the state order.

7. To stipulate when developing the Statute on the State Contract and the State Order a system of measures with regard to a mechanism for the formation and economic stimulation of the state order for the delivery to state reserves of agricultural output and raw materials in 1993.

[Signed] L. Kuchma, prime minister of Ukraine

[Signed] V. Nesmikh, first deputy minister of the Ukrainian Cabinet of Ministers

Annex No. 1 to Decree of the Ukrainian Cabinet of Ministers No. 714, dated 23 December 1992

Volumes of the State Order for Delivery of Agricultural Output and Raw materials for 1993

Type of output	Unit of Measure	Total
Procurement for state reserves		
Grain	thousands of tonnes	14,500
Oil crops—total	thousands of tonnes	2,110
including sunflower oil	thousands of tonnes	2,050
Sugar beets	thousands of tonnes	40,000
Milk	thousands of tonnes	10,600
Meat (live weight)	thousands of tonnes	2,850
Eggs	millions of units	5,800
of which, deliveries to special consumers and to the state reserve		
Meat and sausage (in meat equivalent)	thousands of tonnes	182
Milk and dairy products (in milk equivalent)	thousands of tonnes	1,132
Eggs and egg products (in egg equivalent)	millions of units	265

[Signed] V. Nesmikh, first deputy minister of the Ukrainian Cabinet of Ministers

Annex No. 2 to Decree of the Ukrainian Cabinet of Ministers No. 714, dated 23 December 1992

List of agricultural output that is sold by producers of agricultural goods to state reserves in 1993 and for which orientational starting procurement prices are defined and whose indexation is performed using moneys of the special account of the Ministry of Agriculture and Food

Milk
Cattle
Pigs

Note. The list may be revised by the Ministry of Agriculture and Food, the Ministry of the Economy, and the Ministry of Finances depending on the state of the market.

[Signed] V. Nesmikh, first deputy minister of the Ukrainian Cabinet of Ministers

State Grapples With Implementation of Privatization

934K0163A Kiev VECHIRNIY KYIV in Ukrainian
13 Jan 93 p 1

[Report by Lyudmyla Stukalina: "'Nightmares' in the Very Near Future"]

[Text] Whereas at present—according to data from the Ukrainian State Property Fund—16 enterprises have been privatized, and 1,222 have been turned over for leasing by collectives, with the right of subsequent purchase, in 1993 the privatization process will advance on a broad front. As confirmation of this, the long-awaited privatization checks—our Ukrainian “vouchers”—are to be obtained during the present year. Experts from the Ukrainian State Property Fund comment on this here below.

Vadym Vasylyev, the Fund's administrative chief for the methodology of the property reforms, informed us that a government commission has been specially created and is now working on clarifying the list of citizens who have the right to become owners of privatization securities. The commission has many, many problems. For example, what should be done with students: Should privatization accounts be opened for them at their place of study or at their place of residence? We must carefully analyze and sort out every category of the population, such as—for example—the homeless persons, as well as those Ukrainian diplomats who work abroad. The picture is still only about 70 percent understood, Vasylyev explained; the matter is further complicated by the fact that insufficient resources have been allocated to carry out this work.

To the question as to whether the initial value of the privatization check—30,000 karbovantsy—is subject to indexing, a representative of the Fund replied that indexing would be done only in the event that the value of the state property itself is indexed.

Yukhnovskyy, Pynzenyk Press Conference on Fuel Supply Talks, Cabinet's Edicts

934K0163B Kiev MOLOD UKRAYINY in Ukrainian
12 Jan 93 p 1

[Report by Volodymyr Oliiynk: "Yukhnovskyy and Pynzenyk Hold a Press Conference: There Are Difficulties With Oil and Grain...."]

[Text] At the same time that most Ukrainians were scratching their heads and looking for inexpensive purchases before the Christmas holidays, a Ukrainian government delegation—with no less courage and persistence—was negotiating trade deals with the Turkmenians and Kazakhstani for oil, gas, and grain, while the Cabinet of Ministers issued its next edict on Christmas Eve.

Having assembled the journalists in the morning, Ihor Yukhnovskyy informed them that the two days of work by the government delegation on their trip to the East had resulted in something that could be called important. The government has signed a series of agreements with Kazakhstan regarding reciprocal deliveries of materials and products. The Kazakhstani, in turn, have finally opened a balancing account for the Ukrainian karbovanets. Agreement was almost reached to remove the last obstacle to clearing accounts between Ukraine and Kazakhstan.

Matters relating to deliveries of Kazakhstani oil (3 million tonnes) and Kazakhstani grain have remained unresolved (at the time of the delegation's trip to Alma-Ata President Nazarbayev was absent, and he holds all these matters in his own hands). However, the Kazakhstani did agree to cooperate with us in the development and mastery of outer space. There certainly is quite a large detachment of Ukrainian specialists working at Baykonur.

Even more important negotiations took place in Turkmenistan. Most likely, a sign was given concerning Ukraine's indebtedness to that republic, which now amounts to 8 billion rubles. And it was only after our government promised to repay this debt prior to 15 January that the discussion began to be somewhat more connected. However, the Turkmenians immediately asked for the going world price for their gas. But neither Turkmenistan nor Ukraine has any appreciable amount of freely convertible currency, and so the basic dispute continued around the question of how to compute the rate of exchange between the karbovanets and the dollar. Turkmenistan proposed that the black-market rate of exchange be taken as a basis for this, but such a suggestion evoked a determined protest by I. Yukhnovskyy. After all was said and done, an agreement was reached to take delivery on Turkmen gas at a price of 10,000 Ukrainian karbovantsy for 1,000 cubic meters. In addition to this, Ukraine pledged to supply Turkmenistan with transport equipment, to make its ports available for Turkmenistan's foreign economic operations, and to the construction of a new gas pipeline together with Turkmenistan.

I. Yuhnovskyy once again affirmed his opinion that it is high time to take another look at the energy map of Ukrainian enterprises, supply, and use. It is evident that in the future negotiations with our energy suppliers will become even more complicated. And, therefore, we need to cut our gas consumption in half already during the present year. This can be achieved only by means of introducing new technologies in coal energy engineering—something which should come as a surprise to no one.

During the press conference I. Yuhnovskyy expressed his feelings with regard to certain intrigues around the draft version of "Ukritya-2." The Ukrainian government created equal opportunities for all those firms which have expressed a desire to work at Chernobyl. As of today, 335 foreign firms have already registered. At the same time, however, we must proceed with all possible speed. Even according to the most optimistic predictions, the sarcophagus will last for only another five or six years.

On that same day—but only toward evening—Vice-Premier V. Pynzenyk also met with the journalists and informed them about the latest edict issued by the Cabinet of Ministers.

Merely a listing of the edicts which have been enacted attests to the fact that the government of L. Kuchma does not intend to tolerate the financial situation of the state which has been revealed. The edict on a unified and standardized customs rate envisions collecting customs duties in the national currency (the Ukrainian karbovanets).

The edict on export customs sets customs duties at 10-30 percent of the value of the item in question. Such customs duties are to be paid in the national currency. Exempted from this will be export goods which are made completely from donated raw materials. Let's say, for example, that General Motors decides to make its motor vehicles in Kremenchuk, they would not have to pay customs duties provided that the very last screw would be provided by the American side. An edict was promulgated (we are being informed as to the details), which will revise the compensation for those citizens who had deposits in the Osh Bank. Beginning on 1 January, the interest rate will be recomputed at an even face rate (80 percent), as set by the National Bank of Ukraine. And so it makes sense to save one's karbovantsy in a bank rather than in a stocking. In accordance with the edict on profiting from state-owned organizations or institutions, the last issue has now been resolved regarding the non-housing state fund. From now on only the state will obtain the profits from using the enormous number of attached areas. The government has gained the right to put a stop to any contracts or agreements regarding the leasing of such areas instituted therein. Appropriate legislative changes will be introduced.

Without according any importance to this, V. Pynzenyk declared optimistically that he anticipated a stabilization in the situation here in Ukraine by March. Finally, we do not have long to wait.

Housing Administration Official Fields Questions on Privatization

934K0163C Kiev VECHIRNIY KYIV in Ukrainian
12 Jan 93 p 1

[Interview with Volodymyr Kuks, deputy chief, Ukrainian Housing and Municipal Services Administration; place and date not given: "Though the House Arise Like a Fortress, It Is Mine"]

[Text] The first few owners of their own housing have finally emerged in Kiev. The Radyanskyy Rayon was the first in the capital to begin privatizing apartments. More than 250 applications came pouring in at once to the rayon's administrative office, and the latter made a memorable gift—in the traditions of the new times—before the New Year 45 certificates attesting to the right to privatized real estate were handed over to inhabitants of the Radyanskyy Rayon.

We welcomed A. Kovalenko, one of the first owners of her own apartment. And she told us the following:

"I have been anticipating privatization for a long time because I want to bequeath housing to my children. This apartment was privatized free of charge, inasmuch as—as a veteran of labor—I have certain privileges, also as a war veteran," she said. "By the way, your newspaper helped me—you printed materials about the destatization of the available housing, and you were the first to provide information, which was confirmed by documents, which—in turn—led to the enactment of the Law itself on privatizing the state available housing...."

But our readers have innumerable questions in connection with the beginning of privatization. And so we requested answers to these questions from Volodymyr Kuks, deputy chief, Ukrainian Housing and Municipal Services Administration.

[Interviewer] Our readers are extremely disturbed nowadays when the destatization of the available housing has already begun. They ask what the tax will be for an owner, and what the payment will be for privatized housing.

[Kuks] I think that the tax on an owner will not be exorbitant. We have proposed that it be 0.1 percent of the total value of the real estate involved. This would come to approximately 600 karbovantsy a year—for an average apartment.

Instead of an apartment payment or fee, in accordance with the law, the owners of real estate must take part in the total expenditures, obligations, and maintenance of the building and the adjacent territory on a pro rata basis, depending upon their own share in the property

and the building. In connection with the increases in apartment fees in the state accounts nowadays, we make our calculations on the basis of 2.5 karbovantsy per square meter of total space, plus a fee to be paid for municipal services and utilities—such as gas, water, light....

I want to emphasize, however, that until the reform of the wage system the state—just as before—will subsidize the maintenance of your already privatized housing. After the reform, obviously, such subsidies will cease.

[Interviewer] However, not everybody nowadays wishes to privatize their own apartment....

[Kuks] The first wave—as we have come to call it—are summer people, those who want to sell, give, or bequeath their apartments to their own children or grandchildren, as well as those persons who are going to leave Ukraine forever. According to the Law on Privatization (Article 7), for citizens who have not manifested any desire to privatize their housing, but rather want to continue occupying it, the procedure for them to continue using their housing on a rental basis shall be safeguarded.

For example, if more than half of the inhabitants of a building have privatized their apartments, they shall organize an association, and then the ZhEK [expansion to given] shall conclude a contract with this association regarding the services to be provided for the building in question.

[Interviewer] The Law states that privatization shall proceed along the path of the free gratis transfer to citizens of apartments or buildings, based on 21 square meters per family member or tenant, plus 10 square meters for a family as a whole. Who will have privileges during the privatization of housing?

[Kuks] The charge-free transfer of apartments, regardless of the dimensions of the total area, has been provided for the owners of one-room apartments, for citizens who have privileges provided for by the Ukrainian Law "On the Status and Social Protection of Citizens Who Have Suffered as a Result of the Chernobyl Catastrophe," as well as for citizens who are Heroes of the Soviet Union, Heroes of Socialist Labor, who have been awarded an Order of the Third Class, a Veteran of the Great Patriotic War, internationalist military-service personnel, invalids or disabled persons of Groups I-II, invalids since childhood, veterans of labor who have worked for at least 25 years (in the case of women) and at least 30 years (in the case of men, veterans of the Armed Forces and of the repressions, who have been rehabilitated in accordance with the Ukrainian Law "On the Rehabilitation of Victims of Political Repressions in Ukraine." Privileges are also possessed by the family members of those persons who perished in performing state or civic obligations, as well as in production or high-level services in accordance with the Ukrainian Law "On Social and Legal Protection of High Service Persons and Their Families," as well as families with many children and those which have three or more minor children.

INTERNATIONAL AFFAIRS

Iranian Envoy Views State of Relations

934K0071A Kiev PRAVDA UKRAINY in Russian
11 Jan 93 p 3

[Interview with Behzad Mazaheri, ambassador extraordinary and plenipotentiary of the Islamic Republic of Iran in Ukraine, by correspondent Yuriy Ovsyannikov; place and date not given: "Working in Ukraine? This Was My Choice"]

[Text] The national flag and brass plate of the "Embassy of the Islamic Republic of Iran" appeared on a private residence on Kiev's Kruglouniversitetskaya Street a little over a month ago. The mission had previously been housed in a hotel.

"We are pleased with the new quarters, of course. Although, as you may have seen, the repairs have not been completed everywhere as yet. There is still a certain replanning of the premises to be done," the ambassador explained.

The conversation was held on the eve of 1993, incidentally. But, in a sense, there was a long time to go before the "change of year." For the New Year's holiday in Iran is 21 March. And the year greeted according to the local calendar will be 1372....

When I asked Mr. Mazaheri whether there were topics which he preferred not be broached, the reply was:

"Ask all your questions."

The questions—those which I had outlined on my notepad and also those which arose in the course of the interview—had mounted up, as they say. And the first:

"Please share, Mr. Ambassador, your vision of Iranian-Ukrainian relations."

"I begin my speech in the name of Allah," my partner intoned. And continued:

[Mazaheri] I avail myself of this opportunity to congratulate the people and Government of Ukraine on the New Year and to wish your citizens good fortune and success.

We are into the second year of the Ukrainian state's independence. The Islamic Republic of Iran was among the first to recognize your sovereignty. We hold Ukraine's independence in high regard and see it as an important factor in the friendly rapprochement of our peoples.

We are following closely all that is happening in the young republic.... We believe that it is necessary to actively set in proper motion the entire potential of relations between our states. Geographically, Ukraine and Iran are very remote from one another. But, despite all the distances and separation, we could be a continuation and complement of one another, as it were. I would highlight possibilities in respect to profitable trade here.

The contacts of state leaders are very important. His Excellency President Leonid Kravchuk visited Iran in the spring of 1992. He had talks with President Hashemi Rafsanjani. There were useful negotiations...

[Ovsyannikov] ...and in the course of them your president was invited to visit Ukraine.

[Mazaheri] Yes. And we hope that this visit will take place in 1993. And prior to this, as far as I know, our countries' foreign ministers will hold working meetings. [end Mazaheri]

My partner went on to add that intensive exchanges are planned. Thus Ukraine will be visited by statesmen representing Iran's ministries of petroleum, trade, mines and metals....

[Ovsyannikov] Are there in Ukraine many Iranian citizens here on a more or less lengthy basis?

[Mazaheri] Some 170 Iranian students are studying in higher educational institutions of Ukraine, for example. They are particularly strong in Kiev. We have good relations with the Kiev State University. A Persian Language Department has been inaugurated in Kiev State University, incidentally.

[Ovsyannikov] I have heard that on the New Year's table there has to be without fail in your homes seven types of food and condiments whose names begin with an "s". For example, "sib" (apples), "sabsi" (vegetables), "serke" (vinegar).... The absence of just one "s" is fraught, according to legend, with the danger of trouble?

[Mazaheri] Quite right. There has to be the "seven" on the table. And in our Koran the number 7 is sacred, what is more.

[Ovsyannikov] You spoke earlier about the propitious opportunities for trade. What, Mr. Ambassador, would you care to highlight in the picture of trade and economic contacts between our countries?

It became clear from my partner's subsequent discourse that the picture should be taken as a whole—with all the great prospects and certain drawbacks. That is:

[Mazaheri] Many of the finished goods of such a big industrial country as Ukraine are very suitable for us. We would like to have a more extensive selection of these finished goods of yours. In addition to industrial products, the Iranian side is displaying interest also in raw material from Ukraine.

Now about the counter interest. The prices of the products of our light industry should be prompting you to say: Ukraine's needs could be realized on the Iranian market appreciably more efficiently than in Europe. [end Mazaheri]

According to Behzad Mazaheri, if progress in trade and economic relations is not that great as yet in some manifestations, this is determined by the fact that the

partners still do not know one another to the proper extent. The "missing" reliable transit lines, which is connected with the present conflict centers in the Caucasus, are a hindrance also.

"And, further. Ukraine's laws are not all that clear for Iran's businessmen," the ambassador maintained. "Our business people from the private and state sectors would like to be sure of the dependability of capital investments and the 'workability' of contracts."

[Ovsyannikov] Granted all this, we are learning of substantial agreements. Thus a joint Ukrainian-Iranian company for the installation and general maintenance of a gas pipeline from Iran to Europe has been conceived. Our republic would have an opportunity to resolve problems with such an energy source as gas.

[Mazaheri] This joint venture has already been formed. Iran has transferred its share to a joint account. Azerbaijan, which is participating, has contributed its quota also.

I was told several days ago that the corresponding question is being studied in the Cabinet of Ministers of Ukraine. Ukraine will soon be contributing its share to the funding of the project also.

[Ovsyannikov] We are, consequently, on the threshold of practical work on the gas artery?

[Mazaheri] Practical design work will begin after the contract has been officially drawn up. Inasmuch as the gas pipeline will cross the territory of Russia, all the necessary points, obviously, have to be agreed in the corresponding Ukrainian-Russian negotiations also.

[Ovsyannikov] There were reports recently that Iran had purchased from Russia three diesel-powered submarines. Can it be said that your side is prepared to purchase military equipment and weapons in other CIS countries also?

[Mazaheri] Iran purchases the necessary arms in principle on the basis of its national interests.... Weapons can serve for years and years. But for this service support and spares are needed. If some CIS state can make good particular defense requirements of Iran, weapons purchases are possible in this specific instance.

"And clarification is necessary in respect to the submarines," the ambassador continued. "The actual agreement on this purchase occurred a very considerable time ago. Russia has supplied us with just one boat as yet."

The ambassador explained that now, in the course of the economic five-year plan, fixed appropriations for weapons purchases had been determined. They are quite small. Why?

[Mazaheri] Our country is considered powerful in the region. We do not now sense threats on the part of this

state or the other. For this reason we prefer to engage as thoroughly as possible in peaceful trade and economic issues.

[Ovsyannikov] This thoroughness was perceived, in my opinion, at the Iranian trade exhibition staged in Kiev. You remember this exhibition?

[Mazaheri] This was a very representative venture. The practical outcome—over a hundred statements of intent. A whole number of them are already being realized. A return trade exhibition of Ukraine is to be held—in the city of Tabriz.

[Ovsyannikov] It is, surely, important that firms “settle” in our countries, open their offices....

[Mazaheri] There are offices of two Iranian firms in Kiev. Primarily Shavaj—one of the biggest in Iran. It is purchasing in Ukraine cement, iron ore, porcelain, and steel. It is involved in the delivery here of Iranian consumer goods.

[Ovsyannikov] Another point.... Forgive me if I am inaccurate in reproducing a thought from the Koran: “The worst of the dead is he who has died single.” That is, marriage, the family—these are what are most important in a man’s life. Could you, perhaps, sketch features of the Iranian family? In your example also in some respects, if possible.

“Truly, the holy Koran and also the pronouncements of great figures and writers call marriage and the building of a family the very best thing. The Iranian family usually has three or four children,” my partner said. And called attention to the following:

“False propaganda against our society is conducted in some countries. Specifically, as regards the position of

women in Iran. Yet, in accordance with current legislation, the woman and the man have equal rights here.

“Women are represented in parliament, in the ministries, and in various establishments. They have a good choice of professions. I would permit myself to mention in this context that my wife has a master’s degree in computers.”

[Ovsyannikov] Thank you for the ample account. It will help our readers get to know more about such a state as Iran. And, consequently, the cause of cooperation also.

[Mazaheri] I would like to add that soon, namely, 11 February, it will be the 14th anniversary of our revolution. Its leader, as you obviously know, was Ayatollah al-Khomeyni.

Briefly, the significance of our revolution is that, before it, practically all revolutions in the world had the “taint of communism,” so to speak. But the leader of our victorious revolution was a spiritual, religious leader....

[Ovsyannikov] I thank you once again, Mr. Ambassador, for the interview, for your thoughts. And the final question—to you personally, as a man. How do you evaluate the fact that you are now here, in Kiev? Did you have a choice?

[Mazaheri] Following the disintegration of the USSR, I myself expressed a desire to come to Ukraine. I had a choice—ambassador in Holland or in your republic. I said Kiev.... I have tried hard, I believe, to read about Ukraine, which has so many beautiful places....

I and my staff now have more than enough to do, of course. Strenuous work. But I work with satisfaction, having as the goal providing as well as possible for the national interests of the Islamic Republic of Iran linked with the best possible knowledge of the interests of Ukraine, which has opted for the path of independence.

KAZAKHSTAN

Court Overturns Nazarbayev Edict, Assesses Damages

934K0159A Moscow *LITERATURNAYA GAZETA*
in Russian No 3, 20 Jan 92 p 2

[Article by Aleksandr Samoylenko: "He Won 10 Rubles—Nursultan Nazarbayev vs. 'Citizen Chernyshov'"]

[Text] By decision of the Constitutional Court of the Republic of Kazakhstan, Nursultan Nazarbayev is obliged to pay "court costs" of the Constitutional Court in the amount of almost 339,000 rubles [R]. From this sum "Citizen Chernyshov," the man who brought the suit against one of the President of Kazakhstan's edicts, will receive R10 (reimbursement of the state fee).

The nub of the conflict is elementary in its simplicity. Given the severe shortage of money, the President of Kazakhstan issued an edict not to release full wages if they exceeded R2,000. One-third would be paid in hand, and the remainder would be transferred to a savings bank. "Citizen Chernyshov" brought suit in the republic Constitutional Court, which found the edict to be unconstitutional.

There is the plot (without "superfluous" circumstances and reflections). It is certainly enough to allow us to note the courage of "Citizen Chernyshov," delight in the high principles of the Constitutional Court, and be glad that the high-handed leaders were finally stopped. Look at that, they actually tamed the president himself! That is what happened in Kazakhstan—people noted it, and they were delighted and happy. And they moved on.

But that is too bad. When we look carefully at this event it is not hard to see circumstances that are just as important as the sensational but practically useless order of the Constitutional Court of the Republic of Kazakhstan.

In early 1992 Kazakhstan was choking for lack of cash. People would wait at cashier's windows for weeks to receive their wages, pensions, and stipends. State trade offered no goods to attract the cash that had been "socked away." The printing press was in Moscow.

It was in this critical situation that Nazarbayev issued his shameful edict. The financial-economic motivation behind it is clear, but from a human rights standpoint it is indeed a violation. The president understood this as well as any lawyer. We can comment wisely here: the head of state should not violate the laws. But this applies to a normal state with a normal economy and finances. And normal laws. There is no reason (it is foolish) to pretend that a crumbling economy can be revived exclusively with gentle, lawful measures.

The edict was issued in February, when there was no Constitutional Court in Kazakhstan. But certainly the

republic had, in addition to "Citizen Chernyshov," a procurator general, Supreme Court, and parliament. Could they have noted the president's unconstitutional edict? They were obligated to. The Constitutional Court appeared in the republic in June. So was that the end of the punitive edict? Not at all! It was not until 8 October that the president himself decided to annul it, saying that the cash situation in the republic had improved. And it was here that the Constitutional Court boldly began hearing the suit of "Citizen Chernyshov."

We can now remove the quotation marks from Citizen Chernyshov. He is no ordinary citizen at all, but rather a deputy of the Supreme Soviet of the Republic of Kazakhstan. So why this odd disguise? The point is that from February to September Deputy Chernyshov kept trying to get the parliament to pay attention and step into the matter. The Supreme Court of Kazakhstan decided that it was not so bad when bureaucrats simply do not give people the money they have earned. That is when Citizen Chernyshov appeared at the Constitutional Court, but—through no fault of his own—it was too late: Kazakhstan wage earners had already been taken to the cleaners, and the matter was finished. On the other hand, a very advantageous situation developed for the parties to the matter. The president made the decision himself, without court prompting, and the order of the Constitutional Court was nothing more than a whistle after the fact. All that was left for Chernyshov was to fight with the president not over human rights, but just over the "letter of the law." And it was easy for the Constitutional Court—all they had to do was analyze an extinct document, and any kind of human rights assembly at its grave would be just fine.

That is how it went.

And the Constitutional Court did not overlook its own costs, "slapping" the president with a R339,000 charge. But who will reimburse the citizens?

Doubt Cast on Competence of Constitutional Court

934K0106A Moscow *NEZAVISIMAYA GAZETA*
in Russian 13 Jan 93 pp 1, 3

[Article by Sergey Kozlov: "Constitutional Court—Outside of the Constitution? Third Branch Becomes Too Active, Not Just in Russia"]

[Text]

Collision

The Constitutional Court of Kazakhstan has found that President Nazarbayev's edict "On Emergency Measures for Providing the National Economy with Cash Money" does not comply with the republic's Constitution. This is already the third court decree to place the competency of Kazakhstan's highest state institutions in doubt.

The first time, the court repealed the unconstitutionality of the Supreme Soviet decree on a minimum consumer budget, which evoked an entirely calm reaction from the president. The judges' second decision, concerning the actions of the Supreme Soviet presidium, was met angrily by Nazarbayev, and had relatively unexpected consequences. It was proved in Constitutional Court that an employee of the Supreme Soviet apparatus had written an article into the text of one of the adopted laws that had been voted down by a majority of deputy votes, and that, in the words of the employee, in doing this, he had acted with the sanction of one of parliament's leading committees. As it later became clear, this turned out to be not the only case of that kind. "Strange" things are going on in the Supreme Soviet, even with the laws on changes and additions to the current Constitution, in which the initiators of manipulations are far from rank-and-file workers in the apparatus of the highest legislative organ.

The judges evidently had no idea of the consequences their display of principle might have.

Serikbolsyn Abdildin, Supreme Soviet chairman, crossed 18 million rubles out of the Constitutional Court's estimated expenses, and after the first court decisions, lowered the salary for the court's chairman and the other judges. At a session of the Supreme Soviet, the very existence of that court organ suddenly came into question.

In the draft of the republic's Constitution, it is written that the Constitutional Court figures only "in transitional situations," that is, its powers are limited to two and a half years. There is also a suggestion to transform the court into one of the chambers of the Supreme Court, and to bring it together with the High Arbitration Court.

A reorganization like this, one that is completely unexpected, came up before the very beginning of the ninth session, causing confusion among many parliamentarians, and, without a doubt, the second half of the session, which begins January 13, like the first, will be noted for bitter warfare concerning the Constitutional Court.

The distinct difference in attitude towards constitutional supervision among leaders of the executive and legislative branches of government draws attention to itself.

"At the last court trial, when a matter of the crudest violation of deputy rights on the part of the Supreme Soviet was being discussed,"—notes Deputy Vladimir Chernyshev,—“the interests of parliament were protected by two rank-and-file experts—apparatus workers. The chief witness in the matter—Sauk Takezhanov, chairman of the Committee on Questions of Economic Reform, Budget and Finances—did not even come to court to testify.”

Regarding President Nazarbayev, he is constantly consulting with Marat Baymakhanov, Constitutional Court

chairman, and has directed Daulet Sembayev, first deputy premier, to represent his interests at meetings of the court.

"This is at a time when Zinaida Fedotova, Supreme Soviet deputy chairperson, has barred the judges—the official members of the working group—from active participation in the preparation of the draft Constitution,"—says well-known Kazakhstan jurist Vladimir Mamonov, a docent at the state law department of Kazakh State University,—“moreover, Murat Baymakhanov was not even invited to the meeting of the Supreme Soviet presidium dedicated to discussion of the draft Constitution.”

Nevertheless, one gets the feeling that the deputies did not intend to abandon the Constitutional Court, despite the "personified" will of the Supreme Soviet presidium leadership. Only six votes were lacking in favor of including Murat Baymakhanov's information on the situation concerning the court in the session's daily agenda. About 30 deputies out of the 108 that spoke at the session declared unanimously the necessity of restoring the chapter in the draft Constitution on constitutional supervision that had mysteriously disappeared on the eve of the session. Judging by the heat of the passions raging around this question today in the press and among parliamentarians, the judicial organ, which has earned broad-based public approbation, will not be surrendered without a fight.

Deputy on Court Ruling Against Nazarbayev Edict

934K0106B Moscow ROSSIYSKAYA GAZETA
in Russian 22 Jan 93 p 7

[Interview with People's Deputy Vladimir Chernyshov by Sergey Skorokhodov: "Sergey Skorokhodov From Alma-Ata: President's Edict Found Unconstitutional"]

[Text] Alma-Ata—At an open session, the Constitutional Court of Kazakhstan examined People's Deputy Vladimir Chernyshov's poke at President Nazarbayev, and found that his edict on emergency measures to provide the republic with cash money did not comply with the Constitution. The defendant's position was upheld by the entire team, while Deputy Chernyshov defended the interests of ordinary citizens alone. And won.

The victor granted ROSSIYSKAYA GAZETA a short interview.

[Skorokhodov] A people's deputy and a president—these are very different weight classes...

[Chernyshov] Frederick the Great used to say that if you like a certain province and you have the forces to take it, then do it boldly. And when you do it, thousands of jurists will turn up who will prove that you had full rights to it. That is the kind of situation that has developed here in this republic: the president has sufficient forces, not to speak of jurists, and suddenly a force appears that is able to prove that he never did have the right to it.

[Skorokhodov] What did you find that was anti-constitutional in the president's edict?

[Chernyshov] First of all, there was no state of emergency. Emergency measures are determined by the president in agreement with the Supreme Soviet, but he determined them himself, based on a letter from the national state bank. Briefly, under pretenses of an absence of cash, by this edict, people were deprived of the right to dispose of their own property. In practice, it violated the right to compensation for one's labor, which is guaranteed by the Fundamental Law of the republic. But that isn't everything, either. The portion of a salary exceeding two thousand rubles that is invested in bank accounts is given, according to the president's edict, at low interest rates, but with large recompense, to commercial structures. Colossal sums have been stolen...

[Skorokhodov] The trial has been won. Now what?

[Chernyshov] The idea was that immediately after the edict was declared unconstitutional, of which I had no doubt, we would begin a new process—on full compensation for all investments made by the population. According to international norms, state guarantees of safekeeping for investments made by the population provide for, number one—the secrecy of the investment, number two—payment of dividends for use of the investment, number three—preserve the investment's purchasing capability. In other words, if I invest the cost of an automobile in the bank, then I should receive my investment in the sum of the cost of the automobile, whenever I withdraw it. And, as Kazakhstan is a member of the UN, it answers before the world community for the observation of these rules.

[Skorokhodov] You are a man of working stock. What makes you fight for the resolution of purely legal questions in parliament?

[Chernyshov] Fear for the fate of my children and grandchildren. In a legal state, and I want my children and grandchildren to live in one, everything must be determined by law. And not by someone's ideas of expediency. Even if they are the president's ideas.

Way Cleared to Adoption of New Constitution

934K0165B Moscow NEZAVISIMAYA GAZETA
in Russian 27 Jan 93 p 3

[Article by Sergey Kozlov: "Parliament Adopts the Constitution: The 'Language' Barrier Has Been Taken"]

[Text] If one can judge by the way the working week began in our parliament, Kazakhstan will soon acquire its long-awaited new Constitution. On 25 January the deputies completed their discussion of the republic budget and by the evening had already adopted the "Basic Principles of a Constitutional System," which included the most controversial article on language. Here is the wording they accepted: "The Kazakh language is the state language of Kazakhstan. The Russian

language will remain the language of interethnic communication. The government vouches to preserve the sphere of application for the language of interethnic communication as well as for other languages; it ensures their free development. It is forbidden to restrict anyone's rights and freedoms on account of failure to speak the state language or the language of interethnic communication."

It is interesting to mention that most of the deputies were quite fed up with the "linguistic crisis" by then and wished to be done with it; that was the reason they immediately repudiated the objections extended by Deputy Sherkhan Murtaza, state TV and radio company chairman, who said it was undesirable to mention Russian in the text of the Constitution. Of 298 deputies, 276 voted for the language compromise. Parliament Chairman Abdilodin commented on the results of the vote: "This signifies peace, friendship, and mutual understanding."

President Nazarbayev was present at the session, and did not try to hide his satisfaction. This wording will definitely meet with a lot of criticism, primarily from various radicals. But given the situation, one has to admit that the parliament found a solution which allows it to comply with the requirements of the larger part of our population.

According to Article 9 of our Constitution, the capital of Kazakhstan will now be called Almaty. Further discussion of the Constitution by article will continue during the week.

The Supreme Soviet session is proceeding in the "spirit of consensus," but the situation around the parliament is rather tense. Early this week retirees and veterans held unsanctioned rallies. Over 500 members and supporters of the Generation war and labor veterans organization gathered in front of the parliament building to remind the parliament of their miserable condition. Retirees are demanding higher pension benefits as well as the resignation of city Mayor Zamanbek Nurkadilov and Kazakhstan Prime Minister Sergey Tereshchenko. The Social Democrats are the only political party to support them. A delegation of retirees was received in the parliament, where they talked to Salyn Zimanov, chairman of the parliamentary committee for affairs of veterans and invalids.

Meanwhile, about 80 Supreme Soviet deputies sent an appeal to the republic Constitutional Court asking that "the constitutionality of the practice of law application displayed by top officials of the Supreme Soviet as they organize their law-making process" be checked. As NEZAVISIMAYA GAZETA has already written, during its session the Constitutional Court recognized that deputies' rights have been flagrantly violated on certain occasions by various amendments and corrections which were added to laws after their approval. The Constitutional Court will consider the appeal this week. According to the local press, this will be one more "act of

confrontation" between Supreme Soviet officials and the Constitutional Court, which has been going on for months now.

We have to mention the scandal around the article "Fight for Power: Kazakhstan-style" published in KAZAKHSTANSKAYA PRAVDA. Tatyana Kvyatkovskaya writes that the speaker of the Kazakhstan parliament is very actively preparing for the coming struggle for presidential office. She also writes that top Supreme Soviet officials are getting their hands on more and more powers, to which Nazarbayev has to agree because "the president values social stability and tries to protect it in every way, which means that he tries to avoid open confrontation with the speaker and is also trying to avoid the Russian variant or, even worse, the Tajik variant..."

This article has found an active and sympathetic response among journalists, which cannot be said for the president and the speaker, whose comments were similar in essence: All rumors about a serious confrontation between the executive and legislative branches are greatly exaggerated.

Italian Firm Upgrades Alma-Ata Airport Facilities

934K0165A Alma-Ata KAZAKHSTANSKAYA PRAVDA
in Russian 31 Dec 92 p 1

[Article by Nikolay Zhorov: "A Pleasant Surprise for the New Year"]

[Text] The Alma-Ata flight and maintenance service has received a wonderful present for the New year. Two hangars have been put into operation which can accommodate any maintenance or major repair work on TU-134 and TU-154 planes as well as on IL-86 airbuses. Through the good services of the former USSR Ministry of Civil Aviation, this present was made by the Italian KODEST firm, and cost "only" \$3.2 million. It must also be remembered that the reconstruction work done there was of a unique nature and in full concurrence with the latest aviation technologies. It is also interesting to mention that there are no similar facilities anywhere in the CIS. Now we will have the capability to repair our planes ourselves as well as repaint them with the Kazakhstan Airlines colors. The cost of such painting jobs in other countries may be as high as \$60,000-70,000.

It was pleasant to hear from the Kazakhstan civil aviation administration that the facility was designed to survive an 11-point earthquake. The facility was positively evaluated by experts from the International Bank for Reconstruction and Development who came to view the hangars past summer.

Top executives of the Kazakhstan Civil Aviation Administration, Minister of Transportation N. Isingar, and the immediate contractor, KODEST site manager Longo Gian Franko, were present at the opening ceremony.

Incidentally, KODEST is also the firm that is building a runway at our capital's airport.

Chu Valley Main Source of Narcotics in Kazakhstan

93WD0313A Moscow NEZAVISIMAYA GAZETA
in Russian 28 Jan 93 p 6

[Article by Sergey Kozlov: "There Is No Marijuana in Kazakhstan: But There Is Very Much Hashish"]

[Text] The Chu Valley, located on the border of Alma-Ata and Dzhambul oblasts, remains one of the most infamous features of Kazakhstan. The total area of wild hemp there numbers 138,000 hectares. Five thousand tons of drugs is produced from it annually.

In the opinion of Marks Gonopolskiy, president of the Kazakhstan Association of Narcological Psychiatrists, this drug absolutely cannot be called marijuana.

"There is no pure, real marijuana in Kazakhstan. Because it is a certain part of the plant, the best part of it, while the leaves and stem of hemp are hashish," he claims. But this more precise definition does not fundamentally change the situation—more and more hashish is being produced each year. Drugs manufactured in Kazakhstan have already been discovered in Germany, Greece and Spain. American experts believe that, in terms of its narcotic-substance content, Chu hemp yields nothing to world analogues of hashish and marijuana, and therefore it is perfectly competitive on the markets of the international drug mafia.

Moreover, the ranks of the home-grown, Kazakhstan mafia are growing. If you consider that in the winter a glass of hashish costs 700-800 rubles in southern Kazakhstan, and twice that in northern Kazakhstan, you can imagine what sort of profits the "Kazakhstan cartel" realizes.

At a recent press conference devoted to the problem of fighting drug abuse, Bulat Isakov, Kazakh deputy minister of internal affairs, said that, in addition to the Chu Valley, there are two other main sources of illegal drug production in the republic. The first is the Chimkent Biological Pharmaceutical Association, the only one in the CIS, where eight types of narcotics, including morphine, codeine, promedol and others, are manufactured. Raw opium serves as the raw material for these drugs. Until 1992 it was bought in India. The second source is illegal plantings of opium and oil poppies in southern Kazakhstan.

A new drug for this area, ephedron, is becoming widespread. It is made from the medicinal ephedra grass, which grows abundantly on the mountain slopes of Alma-Ata, Taldy-Kurgansk and Dzhambul oblasts.

Whereas in 1988 about 2,500 criminal cases related to drugs were prosecuted in Kazakhstan and 4.6 tonnes of various drugs was confiscated, in 1992 there were 6,000 criminal cases, with 11 tonnes of drugs confiscated.

The 440 staff members of the Kazakh Ministry of Internal Affairs who are involved in fighting the drug

business are physically incapable of successfully countering the excellently organized criminal groups involved in the drug business. As for the top leadership of the mafia empire, Bulat Iskakov admits that MVD [Ministry of Internal Affairs] personnel have no information about it.

UZBEKISTAN

Obstacles to Introduction of Republic's Currency Viewed

934K0140A Moscow DELOVOY MIR in Russian
21 Jan 93 p 5

[Report by Yuriy Galimov, DELOVOY MIR staff correspondent in Tashkent, under the "The 'Ruble Zone'" heading: "The Coupon Will Add Up to a Sum Total of Zero"]

[Text] Uzbekistan is ready to put into circulation its own national currency. Moreover, the necessary volume of its own cash—various denomination banknotes—had been brought into the republic as early as last summer. According to informed sources, this currency was delivered by several air cargo flights from Great Britain. So what is standing in the way of Uzbekistan putting its own national currency, the sum, into circulation?

As the republic's President Islam Karimov said, "We have a negative trade balance with all of the former Union republics. The volume of output exported from Uzbekistan is considerably lower than the imports." This means that at the initial stage the purchasing capacity of the Uzbek sum will be low as compared with the ruble.

In short, Uzbekistan intends to remain in the ruble zone, while taking steps to protect the domestic consumer market from the rubles flooding it from other Commonwealth countries. By decision of the Cabinet of Ministers, in 1993 food and consumer goods at the top of the list of those in short supply will continue to be sold on the territory of Uzbekistan by ration cards with detachable coupons.

The continuing inflation of the ruble has affected Uzbek coupons of new issue. While in 1992 the minimum face value of the ration card with clip-off coupons was 10 rubles [R], the minimum total amount of coupons on the 1993 ration cards is R150. Next up the line are ration cards with the R200, R1,000, and R2,000 face value in

coupons. The procedures for coupon circulation remains the same. That is, the purchased goods are paid for in rubles while surrendering at the same time an equivalent ruble amount in Uzbek coupons.

It should be noted that trade at public catering and consumer services enterprises, in commercial stores, and at Uzbek bazaars will be conducted without the use of coupons. Neither are they needed in purchasing many consumer goods that are not in short supply. This includes, among others, alcoholic beverages and hard liquor, dairy products and fresh produce, canned juice, pickled and salted food, and so on.

Mainly, the majority of population will be using coupons (in conjunction with rubles) to purchase bread, sausage, canned fish and meat, sugar, butter, and vegetable oil—in short, food products of basic necessity.

The minimum monthly issue of coupons per person with fixed income is 1,000 coupons. If the income exceeds R2,000 a month, the coupon amount is increased by three to five percent. For instance, with a monthly wage of R4,000 a person receives 1,100 coupons; if his earnings are higher, three percent of the amount in excess R4,000 is added to the value of coupons. Thus, even if one is making R100,000 a month, this person will receive only about 4,000 coupons. That is, in a formal sense, the coupon system in Uzbekistan is first and foremost one of social protection measures for low-income families. In reality, however, this protection is weak. Why?

The quality of the 1993-issue coupons is not different (except for the face value) from last year. Ration cards are printed on regular newsprint cut into an A-4 format. The only "protection" of the form to which coupons are attached is the seal of an enterprises or organization where the person is employed. There is, though, a strict warning that "counterfeiting coupons is subject to prosecution on par with counterfeiting of state treasury notes." As was the case last year, however, a practically open trade in cards is being conducted in busy public places. The card with a 1,000-coupon face value is sold at R50 to R100. The daring on the part of coupon traders may be explained by the fact that the decree on the coupon system in Uzbekistan does not contain a provision envisaging any kind of responsibility of "private" sales of coupons. This is strange, since a bundle of coupon cards in the hands of one trader may "pull" tens, or even hundreds of rubles. Where do they come from? An interesting question, if we recall that even the most highly paid people get only 3,000-4,000 coupons a month.

LATVIA

Economics Chairman on Seven Major Problems*934K0195A Riga DIYENA in Russian 19, 20 Jan 93*

[Article by Ojar Kehris, chairman of Supreme Council Economic Commission: "To Which Shore, or Seven Components of the Success of Latvia's Economic Policy"]

[19 Jan 93 p 2]

[Text] Latvia's progression toward a stable market economy has become uncertain, and there is a new threat of regression. The few successes that do exist in the sphere of economic reform have not produced any perceptible results yet and are being threatened because they are incapable of defending themselves. The Council of Ministers has continued its efforts to "put out fires," does not want to learn from its own mistakes, cannot solve some of the most important problems to anyone's satisfaction, and is thereby discrediting the whole process of transition to the economic system based on market relations.

Latvian banks are growing stronger and are learning from their mistakes, but the absence of a long-range state economic policy deprives them of temporal and spatial points of reference. The oversight of commercial banks and other finance and credit establishments is developing at a "snail's pace," and this could lead to major difficulties and financial scandals in the future. The Supreme Council is no longer capable of making the necessary decisions to carry out economic reform now that the actions of 40 percent of the deputies are unpredictable and the election campaign has begun.

It is our economic policy in 1993, however, that will determine the **future course of the Latvian state**. There are three options. The first is to continue moving toward the European Community and the unified European economic zone. The second option would presuppose continued existence as an appendage of the CIS. The third would be an attempt to establish a new economic zone in cooperation with the countries of Eastern and Central Europe. The first and third options would allow us to become part of the modern world within the foreseeable future without losing our own identity. Both would require adjustments in the policy of economic reform within the next few months. The Government of Latvia should take on most of the responsibility for this. In addition, it must be able to solve seven problems.

First of all, it must pay attention to producers, industrial and agricultural. The government will have to judge the financial potential of its enterprise and divide them into **two groups: viable and hopeless**. After a more efficient system of administration has been established, the government should guarantee the viable enterprises credit opportunities in conjunction with the Bank of Latvia, with a view to the stability of credits and the seasonal

nature of agricultural production. The hopeless enterprises should be allowed to go bankrupt, resulting in daring changes in the structure of industry by means of the elimination of unprofitable sectors and the simultaneous creation of new jobs in other sectors. Until the structure of production has been changed, trade will be the only sphere with the features of the market economy. **The ongoing reform in the sphere of state enterprise management and the oversight of their operations must be carried out consistently.** Most of the responsibility for the management of state enterprises should be assumed by a board of directors. All board members should be experienced enterprise administrators, Latvian private entrepreneurs or foreign businessmen, with sound economic knowledge. The board members should not include a single government employee or an administrator of the state enterprise under the jurisdiction of this board of directors. State enterprises should be as profit-oriented as private firms. There should be a society of shareholders in state enterprises, who would represent the Latvian State as owners of the state enterprises and would be empowered to appoint and dismiss boards of directors. The society of shareholders should be under the jurisdiction of a single minister, who would be accountable to the government and parliament for the management of state enterprises. Foreign credits should not be given to any state enterprises whose administration has expressed no interest in them. **Agriculture should be viewed as an opportunity instead of a problem.** We have to realize that the liberalization of agricultural policy in Europe will cause 12 percent of the rural population to lose their jobs this year. The traditional way of life in small towns and rural communities will have to change, but the rural population itself should benefit from these changes and develop a new processing, trade, and service network in rural communities. **An autonomous structure (or agency) for production development with national rights and responsibilities** can be created on the basis of a union or association of structures interested in the development of industry and agriculture, working with experts from sectorial ministries, for the drafting and (after parliamentary or governmental approval) implementation of programs of production development. World experience in general and Latvian experience in particular have demonstrated that sectorial ministries performing production duties are incapable of producing long-range development programs. Latvian farmers and industrialists are tired of asking the government questions about state policy in the production of grain, milk, and meat and about the future of the former military-industrial complex.

Second, it is time to launch a search on the state level for sales markets for Latvian goods and services. The main form of economic assistance Latvian statesmen should support in international and regional economic organizations and during meetings with representatives of foreign governments is the authorization of Latvia to sell its goods and services abroad. **A Latvian trade council must be set up** on the basis of the potential of the strongest national trade enterprises to serve as an official

establishment in charge of the development of trade. Its main function would be the development of exports. The Latvian trade council should consult the government on all major international trade issues. It should assist enterprises in all areas of international marketing, from research and planning to sales and advertising.

Third, the government should plan a fiscal policy and begin implementing it. This would entail the drafting of a public works program with the aim of restoring order in Latvia. The plan for the development of the infrastructure should include the reconstruction and development of the network of highways, the development of power transmission systems and telecommunications in rural communities, the institution of measures to protect and save the environment, and possibly the improvement of rail and air transport. For a relatively low price the last possibility could improve living and working conditions in Latvia and turn it into an appealing site for foreign investments in the future because of the presence of cheap manpower and rising unemployment. In addition, it could help in surmounting economic depression and developing the domestic market, because a rise in purchasing power would also create the demand for new goods and services, and this, in turn, would stimulate the development of production and consequently increase the number of jobs. We have to remember that the purpose of state fiscal policy during the collection of taxes and the expenditure of funds is the use of monetary policy to secure national economic growth, a high level of employment, and stable prices. Monetary or financial policy alone cannot revitalize the economy in a state with a disrupted balance of investments and accumulations. It is the job of fiscal policy to adjust the balance of national investments and accumulations and revitalize the national economy. In this context, I want to stress my objections to the subsidization of the obviously failing enterprises of the military-industrial complex of the former USSR. I am in favor of extending credit to promising enterprises and of expenditures for the purpose of restoring order in Latvia. The Bank of Latvia is learning to conduct the financial policy of an independent state. The government should plan and begin implementing a fiscal policy in Latvia in line with the interests of an independent state and ask the world financial community for assistance in this.

Fourth, the collection of taxes and the solicitation of foreign credits and economic aid are essential conditions for the existence of the state. It is regrettable that high-level officials are praising commercial structures for millions in charitable contributions while allowing them to rob the society of 10 or 100 times as much by not paying the taxes required by law. The result is an absolutely unacceptable situation in which the government is unable to collect taxes from everyone and is therefore trying to collect more from the entities that are not evading payment. By raising taxes indiscriminately, we are fostering tax evasion and fraud, especially now. Burdening enterprises with additional taxes at a time of economic depression cannot increase budget revenue

and will only reduce the number of jobs and discourage economic activity. If this is accompanied by a regional budget policy governed by the principles of equalization that were characteristic of the former Soviet system and are still prevalent in parliament, we could say that government agencies in Latvia will have erected almost all of the possible barriers to private initiative. For this reason, the immediate reinforcement of financial oversight or tax policy must be accompanied by the acknowledgement that tax policy, including policy on customs tariffs and budget organization, is a professional and serious undertaking and a constituent element of state economic policy. A state as small as Latvia needs no more than a single center for the organization of taxes and the budget—a competent Ministry of Finance. It is the job of the group of deputies (181 individuals), who have differing opinions and, regrettably, are poorly organized, to express approval or disapproval of government proposals, and not to make adjustments in taxes and the budget at their own discretion on emotional or populist grounds. Whereas it will take a few months to put domestic financial affairs in order, the coordination of foreign credits and humanitarian aid must begin now. A **commission of the Latvian Republic on foreign credits and humanitarian aid** must be formed to receive foreign credits and aid on behalf of the state. It should be headed by the chairman of the Council of Ministers, with the minister of finance and the president of the Bank of Latvia acting as his assistants. These officials should be responsible for the debts of the Latvian State, for the guarantees the state extends, and for the use of the aid we are granted. At this time requests for foreign credits are not sufficiently centralized, the extension of guarantees is not regulated, and the "competence" of the use of aid can be judged from the case of the Italian potatoes.

Fifth, the first steps toward the efficient use of public funds and the implementation of a national demographic program and national education program must be taken in the beginning of 1993. The data of the State Committee for Statistics provide cruel proof that the number of deaths in Latvia exceeded the number of births by approximately 2,000 in 1992 for the first time in the postwar years. The birth rate fell below the 1987 figure by almost 10,000, or by 20 percent. The demographic situation in the country cannot be normalized without the use of economic incentives in establishing the optimal family structure and without steps to change public attitudes toward the large family. Present demographic patterns could destroy the basis of public prosperity in the future and preclude the survival of the Latvian nationality. Demographers believe that the preservation of the nationality would require the following optimal family structure: Families with five children should represent 2 percent of the total, families with four should represent 14 percent, families with three should represent 35 percent, families with two should represent 35 percent, families with one child should represent 10 percent, and childless families should represent 4 percent of the total number of families. This means that at least 51 percent of all families should have three or more

children. According to the 1989 census, the figure does not exceed 6 percent in Latvia, and we cannot expect people to have large families unless there is support for the first child. This is why the national demographic program should encourage the establishment of the optimal family structure in the state with the aid of communal payment and income tax adjustments.

Analysis indicates that investments in education have had the strongest economic impact in countries with a dramatic rise in public well-being in the last 10 years. National economic progress is directly related to the level of education. **Education must be acknowledged as the highest priority in the family, at enterprises, and in state policy.** For the Latvian people, whose numbers do not exceed 2 million, this is also a matter of survival. We cannot enter the third millennium as a major political, military, or financial force, but we can enter it with knowledge. The overall level of education, awareness, and culture can allow us to do this. The national education program should also envisage study by Latvian citizens in world centers of education. At least a thousand young men and women from Latvia will already be studying abroad in 1993, and the number should increase tenfold in the next few years. Education programs should not be financed only with state budget funds. Expenditures on education should be part of the budgets of families and firms and should be stimulated by state policy.

[20 Jan 93 p 3]

[Text] Appeals to foreign foundations and the use of foreign credits will be desirable. The Latvians living abroad and their political organizations could contribute to this noble cause. Many other expenditures will become unnecessary in time in the enlightened state because people will know what they have to do and how they can do it better.

Sixth, the state must take specific steps to do its own work and stop inhibiting the initiative of the individual, the family, and the firm. We have seen that the laws and decrees of the Supreme Council, the Council of Ministers, and local government agencies are not being implemented because the government is incapable of breathing life into the necessary structures and processes of the market economy. The unrestricted state monopoly in hothouse farming, food processing, trade, and other sectors has turned into the main factor inhibiting private initiative and discrediting economic reform. The legally mandated collection of taxes and fair and humane redistribution of this revenue among social programs are not being carried out in their entirety. Fiscal and monetary policy are not contributing to the stabilization of the national economy or establishing the prerequisites for economic growth in the future. All of these functions are jobs that cannot be performed by anyone but the government, but our present government, particularly two of its ministries, is incapable of performing its own role under these new conditions and is deliberately continuing to perform production and financial functions.

Were the scandals involving the Savings Bank and the drug production in Olaine not enough to disprove the effectiveness of state ownership in these sectors? The actions of the Ministry of Industry and Energy and the Ministry of Agriculture have cogently proved that they are incapable of resolving the conflict of interest between state and production functions. State functions are not being performed, and production functions are being performed ineffectively and are inhibiting privatization and private initiative. I feel, for example, that the Ministry of Agriculture, which has acquired countless monopolistic production and trade structures, is the main factor inhibiting the efforts of the Latvian rural population to change the structure of agricultural production, organize the modern processing of agricultural products, and develop an effective network of trade and credit services. There is the illusion that the ministry is doing everyone's thinking for them on behalf of the state and will solve everyone's problems soon. This is causing the loss of opportunities for each family to secure its own well-being and each firm to earn maximum profits on the strength of their own initiative and enterprising spirit. **Acting on today's philosophy, the Ministry of Industry and Energy and the Ministry of Agriculture are a hindrance instead of a help in the successful reform of the national economy in Latvia.** By postponing the reorganization of these ministries until after the elections to the Saeima, we are losing an extremely important opportunity and wasting valuable time, because these problems are growing increasingly acute.

Seventh, the government must be more patient in explaining the policy of reform and make vigorous changes in the overall quality of the government bureaucracy. The Supreme Council was elected for the attainment of national independence, and not for the creation of a market economy. The Council of Ministers, under the leadership of Chairman I. Godmanis and in the absence of a long-range strategy of economic reform in its economic policy, has frequently been swayed by different influences. When the Supreme Council decided to continue its work after August 1991, its politicians and ministers should have realized that reform cannot be accomplished when policy is changed under public pressure. The government must give the distressed public patient and detailed explanations of why this policy has to be continued. Besides this, the results of reform, good or bad, must be published and explained immediately. Policy should be changed only when the changes will benefit the state—i.e., when they will change circumstances considerably. For this reason, the government should build a professional relationship with the public inside and outside the country, explaining and, if possible, "selling" state policy and making decisions. This and the six earlier proposals will require vigorous changes in the state bureaucracy and, above all, in the overall quality of officials. I cannot understand how the chairman of the Council of Ministers can calmly watch as specialists leave ministries for other state structures and why he cannot understand the reasons for, and consequences of, the impossibility of finding sufficiently

qualified officials for work in the government, and recently even of qualified ministers. The standards and principles of the selection, training, and remuneration of officials must be given serious consideration so that these positions will be viewed as chances for advancement. Three things could be done this January: the reduction of the number of civil servants by eliminating functions that are not strictly governmental and personnel who have discredited themselves either professionally or otherwise; **a twofold to fivefold increase in salaries**, so that specialists can be hired and retained; the hiring of qualified clerical personnel to expedite the work of specialists. This would lead to the more intelligent use of each state ruble and would establish the prerequisites for an effective and uncorrupted bureaucracy in which the state could take pride.

These seven interrelated problems concern the foundations of the economic structure of the Latvian Republic. Latvia's transition to an economic system based on market principles will be inconceivable without structural development. The market and democracy can develop only when the state is capable of defending them. The election system can work only when elected officials are protected from outside pressure and know what they are doing. The essential elements of the market economy, such as property relations, competition, the stability of monetary circulation, and others, can work only when the state is capable of bringing them to life. The government has to begin solving these problems in January, so that 1993 will not be a year of missed opportunities for Latvia, so that the government will not repeat its mistakes, so that chaos can be averted, and so that a basis will be laid for the discussion and passage of a long-range plan for Latvian economic reform by the Saeima. Latvia's progress will depend on our own intelligence, carefully planned actions, and self-reliance.

Statistics, Demography of Private Enterprises

934K0134A Riga DIENAS BIZNESS in Latvian No 36,
15 Dec 92 p 9

[Article by Juris Paiders: "Citizens Own More Shares"]

[Text] DIENAS BIZNESS, along with the Latvian Center for Social Studies, surveyed Latvia's inhabitants regarding their ownership of capital in shares, stock, or copartnership shares of commercial structures.

According to the results of the survey, 80% (76%) of Latvia's inhabitants do not own shares nor are they part owners in limited liability companies, etc. These results are similar to those of the previous survey on ownership of hard currency. About 80% of Latvia's inhabitants do not own hard currency, and the same amount of people do not have shares or stock. Evidently, this could be the demarcation line for prosperity. One fifth of Latvia's inhabitants are prosperous, while four-fifths have just enough money to meet their basic needs.

Shareholders and stockholders are encountered with a greater frequency in rural areas than in the cities, because, as the collective and state farms are being converted, a large portion of farmers are receiving shares or stock. Shares are not owned by 60.8% of farmers, and by 89.4% of the residents of Riga.

Every tenth farmer owns stock for about 10,000 rubles in value.

Similar to the other surveys, men are wealthier than women. Men own more shares than women. The wealthiest segment of the population is between 25 and 34 years of age. After that age, the amount of property decreases with an increase in age. Retired persons own even less shares and stock than young people who are under 24 years of age.

In a comparison of property owned by citizens with that owned by permanent residents, there were almost twice as many shares and stock in the hands of citizens than of permanent residents.

4:1 in favor of Latvians

This was the last survey for the year, which concluded the study of income and property of Latvia's inhabitants. The results collected cast doubt on the theory that business in Latvia is dominated by non-Latvians. It is quite conceivable that among Latvia's one hundred wealthiest people, there is a predominance of non-Latvians. But if we consider the top 5% of Latvia's wealthiest inhabitants (100,000 wealthiest), then the ratio of Latvians to non-Latvians is 4:1, in favor of the Latvians. It is possible that the myth about the ruling role of non-Latvians in Latvia's business was created in order to keep the majority of inhabitants in line, in case repressive measures against business were initiated. A disruption in the formation of private businesses could be explained as a measure for the defense of national interests. Yet, whatever repressive measures are taken against business, the main victims will be Latvians and Latvian citizens, because they dominate the business community; although, in certain cities (Riga, Daugavpils), there is not that great a difference in the ratio. However, in order to reach completely objective conclusions, individual sociological studies are not enough.

Editor's note

The editor has received various letters, and has answered several telephone calls about the reliability level of the survey. The survey is representative, but I felt that the majority of readers was not interested in the technical details. If anyone is interested in knowing the mathematical precision of the survey, then please call the Latvian Center for Social Studies: telephone numbers: 226762, 229491; fax: 331920.

How much property do you own as shares, stock, or copartnership shares in commercial structures, stockholders associations, limited liability companies, etc? (in Latvian rubles) (Latvian Center for Social Studies) November, 1992.

Table 1. Nationality

	All	Latvians	Others
no response	0.3	0.2	0.4
very little	79.0	75.5	82.8
up to 2 thousand rubles	2.4	2.8	2.1
2-5 thousand rubles	3.8	4.1	3.5
5-10 thousand rubles	4.8	5.4	4.1
10-25 thousand rubles	4.8	6.7	2.7
25-50 thousand rubles	1.1	0.9	1.2
more than 50 thousand rubles	1.6	2.1	1.0
don't know; hard to tell	2.2	2.2	2.3

Table 2. Place of Residence

	All	Riga	City	Rural
no response	0.3	0.3	0.0	0.6
very little	79.0	89.4	85.7	60.8
up to 2 thousand rubles	2.4	1.2	2.2	3.8
2-5 thousand rubles	3.8	2.9	2.0	6.6
5-10 thousand rubles	4.8	2.7	2.5	9.8
10-25 thousand rubles	4.8	0.9	1.4	12.3
25-50 thousand rubles	1.1	1.2	0.3	1.9
more than 50 thousand rubles	1.6	1.2	2.0	1.6
don't know; hard to tell	2.2	0.3	3.9	2.5

Table 3. Age

	All	24	25-34	35-49	50-64	65
no response	0.3	0.0	0.0	0.3	0.4	0.8
very little	79.0	83.7	72.0	78.8	79.5	87.8
up to 2 thousand rubles	2.4	3.1	5.3	1.6	1.2	1.6
2-5 thousand rubles	3.8	4.1	5.8	3.7	3.2	1.6
5-10 thousand rubles	4.8	3.1	5.8	5.9	4.4	2.4
10-25 thousand rubles	4.8	1.0	4.4	4.4	7.2	3.3
25-50 thousand rubles	1.1	1.0	0.9	1.2	1.2	0.8
50 thousand rubles	1.6	1.0	2.2	2.2	0.8	0.8
don't know; hard to tell	2.2	3.1	3.6	1.9	2.0	0.8

Table 4. Citizenship

	All	Citizens	Others
no response	0.3	0.4	0.0
very little	79.0	77.0	83.5
up to 2 thousand rubles	2.4	2.4	2.3
2-5 thousand rubles	3.8	3.9	3.2
5-10 thousand rubles	4.8	5.3	3.9
10-25 thousand rubles	4.8	5.6	3.2
25-50 thousand rubles	1.1	1.1	1.0
more than 50 thousand rubles	1.6	1.7	1.3
don't know; hard to tell	2.2	2.6	1.6

'Latvbiofarm' Drug Order Signed by Gorbachev
934K0189A Riga DIYENA in Russian 19 Jan 93 p 1

[Article by Zintars Medenis: "A Decree on the Production of Psychotropic Drugs in Olaine Was Signed by Mikhail Gorbachev"]

[Text] Riga, 18 January—The drug production at the Latvbiofarm plant in Olaine in 1988 was authorized by then leader of the USSR Mikhail Gorbachev. This startling news was reported to the DIYENA correspondent by Chairman Guido Narkevich of the business court of the Latvian Republic.

Information allegedly in Narkevich's possession indicates that Gorbachev signed joint decree No 236 of the CPSU Central Committee and USSR Council of Ministers of 18 February 1988 on the production of 15 tonnes of psychotropic drugs in Olaine in 1988 and 13.25 tonnes of narcotics the next year. Narkevich has no information on how these drugs were to be manufactured. It is most probable, the business court chairman suggested, that these were experimental batches. This was probably the beginning of the later large-scale production.

General Director Ilmar Penke of Latvbiofarm and two of his assistants who organized the illegal production of amphetamines at the enterprise and the sale of these drugs in many European countries were arrested on 18 December.

"The decree looked absolutely inoffensive at first because it referred to the production of medicine," G. Narkevich said. One of the appendices to the decree, however, ordered the production of psychotropic substances at Latvbiofarm, but did not name the substances, which affect the human mind, and did not say anything about the spheres in which they would be administered.

In an interview in DIYENA, Gunar Liepins, the investigator in charge of the Latvbiofarm case, explained that the production of "dubious compounds" in the past cannot be associated directly with the recent discovery of amphetamine production. At that time each order required the appropriate signature and seal. There have even been reports that narcotic substances were produced regularly in Olaine prior to 1961. One of the experts who analyzed the drugs produced in 1992 mentioned that three Soviet athletes had died as a result of using these drugs in the 1960s. After that the production of the drugs in Olaine was halted. "We have been discerning in our approach to reports of this kind, however, because there is no official record of this. We cannot draw any final conclusions until after the expert analysis has been completed and the reports have been corroborated," Liepins added. The experts are also experiencing difficulty because they have never seen these drugs before, do not know how they affect the human organism, and have therefore had to study related scientific literature.

Narkevich reported that the USSR leadership had planned to add another building to the Latvbiofarm complex in Olaine, but public pressure precluded this. The workers of the Yelgava Construction Trust refused to continue working on the project, the Bank for the Financing of Industrial Construction Projects cut off the funds for the project on the advice of academicians, and the State Arbitration Board ruled that the contract for Building No 5 was invalid. The latest documents in Narkevich's possession are dated 27 March 1989, when the Latvian State Planning Committee decided to suspend the construction project and draw up a plan for the respecialization of the facility. At that time the USSR Government categorically demanded the completion of the project and unconditional compliance with Decree No 236.

Immigration Statistics for '92 Given

93UN0579A Riga DIENA in Latvian 28 Nov 92 pp 1,8

[Article by Gunta Vucina: "30,000 Less Immigrants in Latvia This Year Than Emigrants"]

[Text] Riga, 23 November. In the first nine months of this year, approximately 30,000 more people have emigrated from Latvia than have immigrated. Permanent residence in Latvia has been relinquished by 35,204 people, 33,480 of whom have moved to the East. In turn, the number of those immigrating is quite low—3,524. Such data were reported to DIENA by Uldis Usackis, Head of the Division of Statistics on Inhabitants of the State Statistics Committee of the Republic of Latvia.

The greatest number of those leaving have moved to Russia—16,116. The most popular of the areas selected for residence in Russia is the Pskov region, where 2,090 people have moved. Seven thousand and twelve people have moved to Belarus and 6,297 to Ukraine. As admitted by U. Usackis, only one fourth of all emigrants have re-emigrated (moved back to their place of birth).

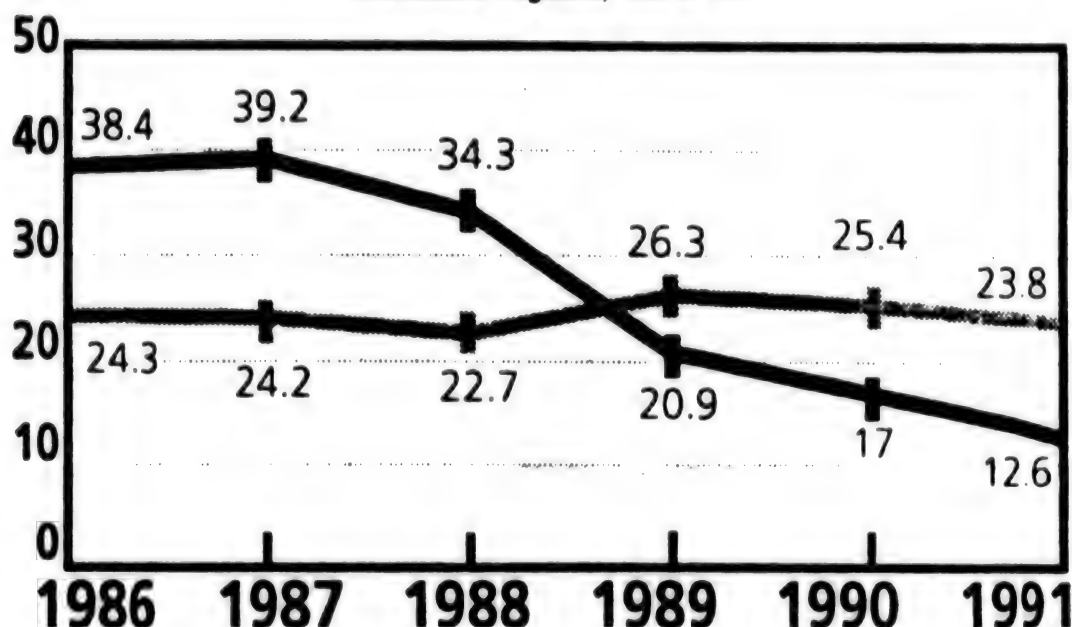
Russians are predominant among the emigrants—20,173, followed by Ukrainians—5,478. Latvia has also been left by 833 Latvians (913 arrivals).

Sixty-three percent of the emigrants were employable. However, this trend is not worrisome, because among immigrants, the figure is higher—68%. Emigrating from Latvia along with their families were 25 people born at the turn of the century, three of whom had been born in 1892. On the other hand, the circle of Latvia's oldest residents was enlarged by only one elderly person, born in 1901.

The most favored place to emigrate in the direction of the West is the United States, where 406 people moved in the first six months of 1992. Many have also emigrated to Israel—250, and Germany—176 people.

At present, there is no great concern about the loss of our intellectual potential, because of those who have left,

International Migration, 1986 to 1991



Key: Ordinate: per thousand people—Black line: entered Latvia—Grey line: left Latvia

every fifth person has a higher education, while of those immigrating, it is every third person.

The fact that emigration from Latvia to the East is being promoted was confirmed to *Diena* by Juris Dombrovskis, Deputy Director of the Citizenship and Immigration Department. He told us that a card file has been set up in the department, containing the addresses of immigrants and emigrants, in order to help with the international exchange of apartments. Most of these offers involve areas where Latvians had been exiled, in their time—Central Asia, Transcaucasia, Siberia.

In addition, compensation has been proposed for those who emigrate and leave their apartments. "The number of emigrants will increase after the law 'On repatriation' is passed, because it will give people some guarantees", feels J. Dombrovskis, predicting, however, that the proposed bill will become law no earlier than six months to one year from now because of the backup in Parliament. The people who are permanently moving to Latvia are those who, in connection with the existing legislation, have citizenship rights and the right to permanent residence.

All matters related to immigration are under the jurisdiction of the Department of Citizenship and Immigration. Anyone who wishes to remain in Latvia permanently must go to one of the department's regional branches, where the reason for immigration is reviewed and permission to immigrate is either granted or denied.

As reported by the Statistics Committee of the Republic of Latvia, the first time that the number of emigrants was greater than the number of immigrants was in 1989, when 5.4 thousand more people left Latvia than entered. Before then, the number of immigrants was always higher, with the peak—15,000—being reached in 1987.

Official Analyzes Pro-Russian Forces of LSDWP

93UN0579B Riga DIENA in Latvian 24 Nov 92 p 2

[Article by Egils Baldzens, Fellow Chairman of the LSDWP: "Soviet Conservatism in Present-Day Latvia"]

[Text] For centuries, the Latvian peasant, oppressed and tortured by various masters, has fought for his land. The resilient ones were severely punished, or found salvation in the cities. And yet, this ocean of blood and sweat was not for naught—in the end, the Latvian peasant has been able to receive the land he has inherited. It would appear that wrongdoing and injustice have reached their limits—so, why is it necessary to buy back land that has been nurtured and cultivated for generations? The answer is short and harsh: because the foreign masters still decide how farmers, and even city dwellers, are to live in Latvia... If we want to make our own decisions, if we want "everyone to be a master," then we must chase out the foreign masters and their established order, and create our own nation. This is a fight for the land, for the right to determine how to live our own lives in the free nation of Latvia.

"This land is our land!" That was perfectly clear to our nation's sharper minds on November 18, 1918. But what about us? Will we be able to go back to that state? Or will we lose it? Will we have firm control over the nation as a whole, or only on its spirit and name? Whatever choice we make will determine what becomes of us.

In today's political power plays, it is difficult to make out what the future features of Latvia will look like. They will be determined by the anti-soviet and pro-soviet balance of power. Although we have the Satversme (constitution), which determines the legal status of the nation, and although we also have citizens, still, from time to time, there are intelligently aimed, well masked, usually roundabout attempts to revise the already adopted laws, or at least attempts to make them ineffective.

There are certain influential political forces in Latvia, which may not object to independence, or may even support it, but they still manage to preserve the remaining soviet power nucleus (or at least its most important part), and are attempting to integrate Latvia into the soviet created economic, political and cultural relationship nucleus. That is a true soviet strategy: to create a soviet Republic of Latvia, even outside of the USSR (CIS), and even without the USSR (CIS)! What will be the choice of the majority of Latvian people: to drag the ample soviet baggage along with them into the future, or to reject these relationships and renew the democratic traditions and institutions of a free nation? The answer to this question will determine the development of Latvia: are we going to go down the same road as Russia (and other CIS countries), or will we brace ourselves to adopt the Scandinavian—German model of development, which the politically more knowledgeable Eastern European countries are attempting to approach.

Why are the pro-soviet forces so afraid of the renewal of the Republic of Latvia? Because it involves the dismantling of soviet power. Thus, this also reveals the reason for soviet conservatism—the attempt to preserve, or at least hide, the most desirable relics of Soviet Latvia, which would retain the familiar and enjoyable terms for one's property, and the optimal balance of power among the various social communities—which is why the changes must only be soviet in nature ... And therefore, as it is always true in politics, neither academic arguments, nor idle chatter and sleepy indolence will lead the way; it is unmistakably a question of power, property, and opportunities for growth, which directly or indirectly affect everyone's personal and familial interests, in the same manner as wages, taxes and pricing policies! This is why the soviet powers are ready to be called upon the spirit of November 18, confirm their unbending allegiance to its traditions, and promise to respect its heroes and the people's choices ... But for God's sake, don't really renew the Republic of Latvia! In order to appease and misguide public opinion, the soviet powers are even ready to conclude a fictitious marriage with the free nation of Latvia, although the ending is already well known beforehand—in the best case: an infertile egg.

Only we can determine whether the moratorium granted to soviet power by the Latvian people will become a harsh reality.

The pro-soviet power camp is as colorful as an Eastern marketplace. As a result of economic and political businesses, it has been able to attract former and still present communists, together with anti-communists, Latvian nationalists (2nd Latvian Republic), Russian chauvinists, and one of a kind internationalists, and cosmopolitans. Overall, it must be admitted that this is a rather impressive group, which is consolidated by the defense of social interests. Therefore, the answer to the question of who will be triumphant in the end—the Republic of Latvia of November 18th or the soviet—is not at all that simple!

After the elections in Lithuania, major unrest was created in the politically most active sectors of Latvian society. There were resignations, confusion, long awaited promotions, and evidence of feverish activity. It should be admitted that the Social Democrats, at present, are not frightened by the threats of populism from the left, right or center. As was already mentioned, the basic division of the political spectrum has changed, and, therefore, I can calmly agree with the assessment by M. Ginblats that "right now, for us (...) socialism, or liberalism, or conservatism can be two-sided." May I add that the dual nature is only a starting point, because there is no lack of significant, intrinsic differences, as for instance, in the numerous and various political organizations of liberal origin.

Before the left, center or right wings of today's democracy can have any impact, we still have a long and wide road ahead of us. It is not inconceivable that parties with similar orientations will have serious disagreements about the first Republic of Latvia versus the second Republic of Latvia, on deoccupation, on (or against) naturalization, on specific directions for the development of the national economy, and so forth, and so on.

Instead of guiding the activities of political powers towards the resolution of political and economic crises, influential powers in the Supreme Council of the Republic of Latvia routinely attempt to sidetrack us, so that we spend months debating important, but non-vital, questions. As for example, there is the infamous October 28 Supreme Council resolution to register as citizens those persons, or their ancestors, who had lived in Latvia before 1914. LSDWP presented its official assessment already on October 31, characterizing it as a serious infraction of the Satversme, and warned about dangerous political consequences (see report in DIENA). The Social Democrats were surprised by the rather delayed realization and reaction by the Supreme Council deputies (as well as by the "Satversme" faction). But nevertheless—better late than never! There are no second thoughts—this resolution must be repealed! Enlarging the contingent of citizens by violating the requirements set forth by the Satversme is a serious infraction of the Satversme, and is the same as making it

inoperative from 5 minutes to 6 years. Such an action can be classified as anti-constitutional activity (read: state crime!).

However, there can be no smoke without a fire. Unfortunately, it seems that with our Supreme Council, we will be unable to find a successful solution, and will have to adopt a resolution like the one in Estonia, according to which a person, whose personal investment in the renewal and fortification of an independent Latvia is outstanding, and if he so desires, will, openly and on an individual basis, be granted citizenship of the Republic of Latvia. In my opinion, it is impossible for the Saeima to act otherwise. In this manner, we will not deny those few patriots of the Republic of Latvia the opportunity to participate in the Saeima or municipal governments. Most probably, such an addendum will have to be helped along up the steps of the Department of Citizenship and Immigration, the Minister of State, and the governing powers of the Supreme Council, and also be made known to the public. An absolutely formal and scrupulously consistent approach, following the letter of the law, could not produce better results. For the preservation of our people, everyone has to lose their "virginity" at some point.

The practical realization of the October 28 Supreme Council resolution threatens to create a situation which will be difficult to control, because, hidden behind the backs of individual patriots of the Republic of Latvia and Russia's Latvians, an almost unlimited number of people disloyal to Latvia can become citizens of the Republic of Latvia. The pro-soviet power's interests to enlarge the contingent of its supporters before the Saeima elections are easily understandable.

It would seem that the pro-soviet powers will be particularly pleased if they can successfully induce the radical nationalist forces (or major portions of them) not to participate in the elections. Such a boycott would increase their chances of getting a controlling block in the Saeima. Along with this, they could gain a public voice and help guide the economic and political course towards their own interests.

The fact that this is a threat to the basis of reform, to political stability, and that this would cause a further decline in the people's standard of living, does not seem to be the major concern of the soviet radicals... If both the mass of soviet immigrants and the radical nationalist opposition remain outside the Saeima, then the proportion of the political spectrum actually represented by Latvia's parliament, taking into consideration the 4% threshold, can be dangerously diminished and become non-representative of the public. Such official policy would be a rather weak buffer between the two opposing extremes that remain outside of the system, and it would be increasingly more difficult to create an equally balanced policy, while the ability to successfully avoid a period of sharp public confrontation would be greatly diminished. Such a direction in the political process would unavoidably create digression from the road

towards constitutional transformation. LSDWP views that a strictly constitutional route is socially, economically, and politically more effective:

1. Constitutionally, adhering to the legislation in effect, the elements of soviet power (laws and institutions) still present must be dismantled. The legitimacy of social reform always has the highest priority.
2. Constitutionally, strictly adhering to the basic principles of the Satversme, the operation of the Satversme and the constitutional state institutions of authority should be fully renewed.
3. Constitutionally, the Saeima must improve the national institutions, Satversme, and legislation, in order to meet the requirements of our present day democracy.

The basis for national and international harmony is the road towards constitutional transformation and a balanced internal political compromise. We shouldn't be overly upset about Russia's complaints and claims: Russia's foreign policy is determined by its internal political situation and the changes therein (as well as internal policy conjecture). We, alone, without any help from the side, with our balanced, civilized policy, should be able to gradually resolve the problems of Latvia.

Latvian Support Fund Criticized

93UN0579C Riga LATVIJAS JAUNATNE in Latvian
21 Nov 92 p 1

[Article by Mara Mikelsons: "Who Are These Friends of the People?"]

[Text] A new fund was founded on the second of November—the Latvian Support Fund. Its founders include four companies: SimSS Ltd, AmEF Corp, Mikas Ltd., and Albovina GmbH, as well as some publicly well-known persons—Supreme Council Deputy, Vladlens Dozorcevs, and former ministers Janis Jurkans and Janis Aboltins. Janis Jurkans has been elected president of the fund.

The founders of the fund are promoting a totally wonderful goal: each inhabitant—to be well-fed, warm and safe. Support will be given to programs for the reduction of unemployment, the provision of energy and food supplies, assistance to the needy, proposals for the promotion of harmony among citizens, as well as for the insurance of social and legal order, and cooperation among entrepreneurs.

At a press conference yesterday, J. Jurkans said that the idea to create the fund came from the entrepreneurs, who understand that in order to develop their activities, the nation needs social stability, peace, and the perspective of a feeling of security, that Latvia is moving in the direction of democracy and a free market. The members of the fund pay a membership fee, which the fund will then invest, in order to increase its resources. These, in turn, will be used for the fund's promotional, educational and assistance activities.

It was stressed more than once yesterday that the fund is not a political organization, although it will support democratic centrist political views and the respective political organizations. It is also not an alternative to the administration, although the program's points provide an alternative solution to the administration's policies regarding the economic problems.

Who among us is against being well-fed, warm and safe? Quite probably no one. But who is promising to provide this for us? Who are these friends of the people? They are gentlemen who, because of their political principles, at some point, left one of the centrist organizations—the Democratic Center Party. They could not accept the apparently right-wing viewpoints. Although the fund will be involved with practical economic activities, and will provide sound advice on how to help ourselves, permit me to say that the fund will attempt to support the interests of the non-Latvian residents' sector. (V. Dozorcevs: half of Latvia's residents have no stimulus to work for the good of Latvia, and therefore, the fund will act to create such a stimulus.) The sphere of the fund's program relating to unemployment is also significant in the same respect, because, at present, the largest group of unemployed persons consists of non-Latvians who have lost their jobs in the factories. Also, considering that 85% of Latvia's entrepreneurs are non-Latvians, and knowing the views of J. Jurkans and V. Dozorcevs on the question of Latvian citizenship, it can be concluded that an influential left-wing organization has been founded, which could create its own party in the Saeima elections, or support those forces that would be interested in realizing the policies announced by the fund.

How, in my opinion, could this fund's philanthropic program and activities be politically dangerous? Because, people who are entangled in economic difficulties are easily manipulated politically. According to what was said at the press conference, it could be surmised that, by closing up some of the gaps in social welfare left by the administration, the fund will attempt to gain the maximum amount of support by the people. For instance, the administration cannot insure that the residents will receive enough heat. Naturally, in this situation, the commercial structures of the fund will attempt to provide this. And, if they succeed, they will also be certain to have the respective support for the political activities financed by the fund. I have no doubts that they will succeed.

I don't mean to cast stones at the founders of the Latvian Support Fund—this is their brain child, their hope, and, in fact, quite normal in the political process. What we must do is not just view this process from the standpoint of our stomachs or comfort, but also understand that these friends of the people were never, nor are they now, philanthropists.

P.S. In connection with the information published in the newspaper "Diena", to the question posed by "Latvijas Jaunatne" about participation in the Latvian Support Fund, the Minister of Internal Affairs, Ziedonis Ceveris,

present at this meeting, answered that, as a member of the administration, he could not be a participant in this fund.

'92 Agricultural Statistics Published

93UN0579D Riga LAUKU AVIZE in Latvian No 47,
20 Nov 92 p 4

[Issued by the State Statistics Committee: "Agriculture"]

[Text]

1. According to the Ministry of Agriculture's operative information sector data, as of October 30 of this year, in state farms and individual farms, 130 thousand hectares of sugar beets, or 87% of the sugar beets planted, were harvested, and 208 thousand hectares of land were tilled, out of an anticipated 500 thousand hectares of land (298 hectares were tilled last year).

2. Land is continuing to be granted to individual farms and other land users, in accordance with their requests. As of October 1, 1992, as per the resolutions by the rural district administrations, land was granted to 48.9 thousand individual farms. The total land size granted for use by these farms was 801.0 thousand hectares, or 20% of the land available for use by agricultural enterprises and farms.

As of October 1, 1992, resolutions granting land by rural district administrations have been passed for 95.0 thousand homesteads, with a total land size of 407.3 thousand hectares, and 661 state farms and statutory associations, with a total land size of 1,108.4 thousand hectares.

As of October 1, 1992, the total land size in Latvia granted by resolutions of rural district administrations amounts to 4.3 million hectares, or 71% of all land available for use by agricultural concerns and farms, as well as forestry enterprises.

3. Between January and October of 1992, 1,383 thousand tonnes of milk, 302 thousand tonnes of meat, and 511 million eggs have been produced in the state. In comparison with the same period of the prior year, production decreased by 11% for milk, by 12% for meat, and by 15% for eggs.

Of the total amounts, the statutory associations and state farms (not counting auxiliary farms) produced 711.1 thousand tons of milk (51% of the total volume), 184.8 thousand tons of meat (61%), and 422.3 million eggs (83%).

In a comparison of October, 1992 with September of the same year, statutory associations and state farms decreased production of milk by 15.7 thousand tonnes, or by 26%, and of meat by 3.4 thousand tonnes, or by 17%, while they increased egg production by 2.3 million, or by 8%.

Production of milk in October, as compared to September, decreased in farms in all regions. Milk production decreased most in the Cesis region—by 37%, the Kuldiga and Talsis regions—by 36%, and the Daugavpils and Ludza regions—by 34%.

The average amount of milk produced by one cow in statutory associations and state farms between January and October, 1992, was 2,087 kg, 130 kg of which was produced in October. The average amount of milk produced by one cow in October, as compared to September, decreased by 47 kg, or by 27%. Productivity by cows has decreased in farms in all regions.

Production of meat in October, as compared to September, has decreased in 21 regions, including Liepaja—by 52%, Preili—by 48%, Aluksne—by 46%.

Chicken egg production, in the comparison of October with September, decreased in the farms of 12 regions.

The average number of eggs laid by one egg-laying hen from January to October of 1992 was 168 eggs, with 16 eggs laid in October, which was 2 eggs more than in September.

4. As of November 2 of this year, 215.9 thousand tons of grain, 1.2 thousand tons of flax fiber, and 145 tons of linseed have been sold. In comparison with the same period of the prior year, 50.3 thousand tons less of grain, or 19% less, 2.4 thousand tons less of flax fiber, or 2.9 times less, and 792 tonnes less of linseed, or 6.5 times less, were sold.

As of October 26 of this year, 170.1 thousand tonnes of sugar beets, 14.8 thousand tonnes of potatoes, 13.9 thousand tonnes of vegetables, and 7.4 thousand tonnes of fruits and cultivated berries have been sold. In comparison with the same period of the prior year, 55.7 thousand tonnes less of sugar beets, or 25% less, 33.1 thousand tonnes less of potatoes, or 3.2 times less, 22.3 thousand tonnes less of vegetables, or 2.6 times less, 0.5 thousand tonnes less of fruits and cultivated berries, or 6% less, were sold.

5. Animal husbandry product sales, acquisition and processing enterprises and associations are characterized, for January to October 1992, by the following indicators:

	Sold in Jan-Oct, 1992	% Jan-Oct 1992 vs Jan-Oct 1991
Animals and fowl (live weight), thou- sand tonnes	202.8	74
Milk, thousand tonnes	951.4	70
Eggs, per one million	307.8	70

All categories of agriculture sold less in January to October, 1992, than in the same period of the prior year: animals and fowl by 70.0 thousand tonnes, and milk by 402.3 thousand tonnes.

In the comparison of animal and fowl sales with January to October, 1991, there was a decline in all regions, including 40% for Ludza, 34% for Valka, Kuldiga, and Ogre, and 32% for Jelgava and Riga.

In the comparison of milk sales with January to October of the prior year, there was also a decline in all regions, including 46% for Balva, 41% for Ludza, 38% for Daugavpils, 37% for Rezekne, 36% for Ogre, and 35% for Cesis.

In the comparison of October of this year with October of 1991, milk sales decreased by 50.6 thousand tonnes, or by 40%, and animal and fowl sales decrease by 17.7 thousand tonnes, or by 47%.

6. The increase in the prices for animal husbandry products is continuing.

The average selling price for animals and fowl in October was 33.9 rubles per one kilogram of live weight, or 2% higher than in September, including 23.5 rubles (1% higher) for cattle, 76.2 rubles (10% higher) for pigs, and 50.6 rubles (6% higher) for fowl, while the price for sheep was 28.2 rubles, or 1.4% lower than in September.

The average selling price for milk reached 11.9 rubles per kilogram, which is 15% higher than in September, while 10 eggs were 56.0 rubles, or a 27% increase.

7. Participation by statutory association members in the work of the association and payments for their services in the third quarter of 1992 are characterized by the following indicators:

	2nd quarter of 1992	3rd quarter of 1992
Average number of working statutory association members, per thousand people	158.2	154.3
Calculated payment for services to statutory association members in cash and products (including premiums for the resource growth fund); in total, in one million rubles	939.0	1505.2
for one working statutory association member per month, in rubles	1979	3252

The average amount paid per month for services to a working statutory association member in the third quarter of 1992, in comparison with the second quarter of 1992, increased by 1,273 rubles, or by 64%.

The highest average monthly payments for services in the third quarter of this year were made to the statutory associations in the regions of Riga—4,527 rubles, Ventspils—4,317 rubles, Talsis—4,073 rubles; the

lowest were made to the statutory associations in the regions of Aluksne—1,998 rubles, Preili—2,097 rubles, Rezekne—2,573 rubles.

From the State Statistics Committee overview.

Upcoming Elections, Parties Discussed

93UN0579E Riga LAUKU AVIZE in Latvian No 48,
27 Nov 92 p 3

[Article by V. Krustins: "The Wolf Carried Off the Best Sheep"]

[Text] After the first round of elections in Lithuania, which were won by Brazauskas' party, the Sajudis fathers sounded the alarm: there's a communist wolf in our flock!

Too bad the call was sounded too late. The "Sajudis" sheep were already running away with the Democratic Workers' Party wolf. The "lost" flock could no longer be stopped, not by cruel words about the stupidity of the runners, nor by referencing Moscow's KGB. The Brazauskas people, pleasantly surprised, were insured a majority in the Seima at the second round of elections.

In Lithuania, and even here in Latvia, wounded voices are being raised about the stupid people's impatience and thanklessness, and the loss of ideals. People with cooler heads are not listening to these emotional outbursts, but at the same time, they are wondering about what actually happened in Lithuania. And then, it turns out that the people are not to blame, it's their leaders. Even the most critical Sajudis members admit that they, themselves, were the only ones, who, in the past two years in the Supreme Council and government led by Mr. Landsbergis, were feeding this Lithuanian Democratic Workers' Party "wolf". Overly self-confident, self-adoring central leaders and local minor leaders did not notice that public opinion was changing. They didn't notice, because the opposition was hidden. So what happened was that the "Sajudis" leaders were singing and strutting around like male wood grouse in mating season, and even the "hunter" Algirdas was surprised at how easily he could approach ...

The policy makers did not understand that their speeches could not be spread on bread, while those shouting nationalistic and anti-communist slogans, with their loud shouts, created caution and suspicions.

With the economic collapse, the citizen on the street and the businessman were both disgusted with the arrogance and ease with which the new guard officials could be bought, in addition to their other sins. And so we see the result—nationalistic and Catholic Lithuania gave the largest number of its votes to Brazauskas' party, despite the fact that the least thing the party can be criticized for is that was formerly communistic.

There is something here to think about. The elections are also coming up in Latvia. What will happen here? What forces can our society look to for support and salvation?

In many respects, the events here are similar to those in Lithuania. "Ideologically and politically" we have our own Latvian Landsbergis and Brazauskas types.

What are their prospects?

Until now, many could expect that the people had the **People's Front**, which the public could look to for protection and representation. Now we see how many people were misled, even the former activists. The deputies recommended by the Latvian People's Front (LPF), and even forced upon us, are not concerned about the everyday worries of the public; some are involved with their own enterprises, while others in parties of their own making. For quite some time now, it has been rumored that the LPF was practically founded by the Central Committee of the Latvian Communist Party or the KGB, so that in the best case, it is the "illegitimate child" of the people. Furthermore, the LPF split up very recently. The "little people" will have a hard time determining which side is "more correct" or "better", and frankly speaking, many are no longer interested. The practical folks are saying: "Those with their speeches are going to trick the wolf out of the woods."

Thus, it could be assumed that with the weakening of the LPF, more power would be gained by the **Latvian National Independence Movement (LNIM)**. Deep in their hearts, the leaders of this movement were probably hoping for just such a result. They may have fooled themselves, because, as the wise man in the novel "Mernieku laiki" ["The era of the land surveyors"] said, you expand on the misfortunes of others, retrench on your own. Membership in the LNIM is also "falling"—it's the same disillusionment, because the masters are "grabbing at thin air". In addition, the LNIM has split up into "correct" and "incorrect" sectors. It seems that this vacillation between the front and the movement is based on the principle: where it's better for me, that's my fatherland (job, service status). Noticeable losses by the LNIM have been inflicted by the warring team led by Mr. Grinblats and Mr. Kucinskis, who do not have the slightest respect nor reverence for the things that the LNIM holds sacred. They are confronting and unmasking our "Landsbergis type" leaders—supposedly, Berklavs is two-faced, Kirsteins only half Latvian, Dobelis has taken up with a non-Latvian—these are the lesser evils, and the "compromising information" is even stronger. An unpleasant impression was made and division was caused by pushing the legal chairman of the LNIM, Visvaldis Lacis, out of power. It is apparent that this man was bothering the "Landsbergis types" with his national idealism and his ability to break china in the political shops of these gentlemen.

As a result—there is division, and where there are two fighting, a third one stands to win.

One sector of the movement is led by a small group, whose number one leader is undoubtedly A. Krastins, Latvia's "Landsbergis." Supposedly, from "the highest institutional level", he has been entrusted with the

"coordination" of questions on defense and internal affairs. In turn, the Security Service is being politically coordinated by advice from J. Dobelis. The men of the LNIM include the president of the Bank of Latvia, Repse, and the head of Customs, Geidans. Financial backing for the LNIM is additionally provided by the PBLA (World Free Latvians Association), through the "democratic press fund." In contrast to Lithuania, where the Landsbergis team lost, the LNIM can make advances here, especially at a time when the frightened Latvians are running away from the "wolf," i.e., Gorbunovs, from the "evil" ex-communist, over to the "right ones."

You may raise the objection that quite the opposite happened in Lithuania—they were escaping from Landsbergis over to Brazauskas. And this, of course, is Latvia.

Fortunately, many politicians in Latvia do not have a "locally significant" Brazauskas. For this, these gentlemen can thank Arvids Pelse, Augusts Voss, and R. Kisis. It is precisely thanks to these men that every dangerous shoot was weeded out in Latvia. This is why E. Berklaivs was also "weeded out" at one time.

At least at present, the Latvian Democratic Workers' Party (LDWP) does not have any popular political figures on the level of Brazauskas in Lithuania. Therefore, it is very doubtful whether the LDWP—such as it is now—can rely on mass public support and hope that the people, overcome by hardship, will come to the bosom of the LDWP. In writing this, I have no intentions of belittling the enemies of this party, nor the leader of this party, J. Bojars. There is nothing "wrong" with him. Such top party men are needed. However, the LDWP is lacking a person like Brazauskas—an economically experienced, prudent and, at the same time, uncompromisingly practical man (remember that Brazauskas did not give in, neither to Gorbachev's enticements nor his threats, when this leader of the Lithuanian Communist Party Central Committee led the party away from the command of the USSR Communist Party). The leaders of the LDWP do not have the same activities in their past to work in their favor, as did the former Lithuanian communists. With true Lithuanian persistence and cunning, A. Sneckus and those who followed him knew how to squeeze various soviet era "favors" for Lithuania out of Moscow—economic and financial resources, etc. The leaders of Lithuania did not grovel nor suck up ... the way it was done here in Latvia. On the other hand, Latvia's post-war communist past is connected to the words of Pelse and Voss, and an economic and state apparatus overrun by Russians and russified Latvians. Throughout the post-war years, Latvia was flooded with trustworthy staffers, survivors of the Stalinist filtration from the "old republics", who jealously watched the locals and did not allow them to get power. Only the rare Latvian born person received any sort of important position. That's why the scythe of the "old members" also cut down E. Berklaivs. Such was the party from which the present day LDWP came into being. Brazauskas has stated that in his party, there remain only about 5 to 6 percent of the former communists (a party of

about 20,000 members), the rest are newcomers. This is very significant in explaining the success of Brazauskas.

It is possible that the LDWP will still attempt to pull together and nominate some popular leaders, because such a find would be beneficial to any Latvian party, and it may even attempt to join together with some other similar, politically related structure.

Compared with the other newly formed or formally renewed parties, the standard bearers of the **Farmers' Union** have some major advantages. The Farmers' Union can live off the political capital created by Ulmanis, without having to brag about its nationalistic or democratic qualities, since this great man left Latvia not only with tons of gold, but also with the popular image of the Farmers' Union—political capital. K. Ulmanis left the Farmers' Union (FU) his name, which can be stamped on political goods, in the same way the number of carats are stamped on gold articles. I believe that the greatest expectations for the formal renewal of FU, based precisely on these guarantees of value, are found among the gentlemen who remain behind scenes of power. Some feel that such a party brought forth by the small farmers could make a good ministry party or party for the minister.

It seems that even the FU could undergo a reevaluation of its values and even spilt up, since some of the old members of FU (more from the Riga chapter) see the renewed union's activities going in another direction. They apparently don't like certain former red barons sitting at the controls of the FU. Other moods can also be perceived—as, for instance, since the renewal of the FU, conditions have changed, and in order to meet these conditions, various internal changes are needed in order to attract followers. The most recent events in the LPF and LNIM show that a reevaluation of values is occurring everywhere.

The question deserving more in depth consideration is why the FU did not propose to the Supreme Council the honorable reburial of the mortal remains of K. Ulmanis. Maybe someone in the current FU is ashamed of the party's former leader? It is also quite surprising to observe them "shaking up" the administration, while at the same time they display a gentle attitude towards their own Ministry, although in the defense of farmers, they should be putting the pressure precisely on the Ministry—because the farmers are not getting their money! The way "farmer" Caune was carrying on about Foreign Affairs Minister Jurkans, you would think that Jurkans was the most to blame for the farmers' suffering, for why farmers are not given loans, why they have no buses operating, and why their medical care is disintegrating!

Our Latvia still has quite a group of parties and movements that could participate in the Saeima elections, and they just have to "enroll." It is educational to note that out of 17 parties and their coalitions in Lithuania, only five got into Parliament, while 12 remained under the four percent vote threshold.

LITHUANIA

Presidential Candidate Declines Help From Social Democrats

934K0095A Vilnius LIETUVOS RYTAS in Lithuanian
9 Jan 93 p 1

[Article by Kestutis Jauniskis: "The Recreator of the Social Democratic Party Refuses the Assistance of His Former Associates"]

[Text] Member of Parliament and presidential candidate K. Antanavicius met with journalists at a briefing held in the Parliament building yesterday. The professor said that his desire to become president may have surprised many people, he did not doubt for a minute about the necessity of this step.

K. Antanavicius did not reject the possibility that there may not be enough time to collect the 20 thousand signatures, especially since it is not clear to everybody why those signatures are necessary. The candidate will not be too much upset if he fails to collect the necessary number of signatures—this will amount to an evaluation of certain ideas. K. Antanavicius emphasized that he had given no instructions to the directors of the enterprises to organize the collections of signatures. However, according to the candidate, the heads and workers of various enterprises should even feel obligated to support the candidacy of someone who defends their interests.

Following the parliamentary elections, K. Antanavicius withdrew from the Social Democratic party ranks. The journalists at the briefing were informed that he had not even wanted to be on this party's list in the parliamentary elections. The main reason was the possibility for him to run for the presidency. In the professor's opinion, several hundred members of the Social Democratic party do not constitute a sizable support, but the membership in this party may cost him many votes instead of adding them. K. Antanavicius explained his view by stating that there are only two strong political organizations in Lithuania—the LDDP (Lithuanian Democratic Labor Party) and Sajudis.

Therefore K. Antanavicius is unable to understand why other candidates rejoice that they are supported by many parties. I fulfilled my duty to social democracy, K. Antanavicius said, by re-creating the Social Democratic party. He also said that his wife censured him for restoring that party.

K. Antanavicius emphasized that after the parliamentary elections he submitted many drafts for new laws to the LDDP, but received no answer. Therefore the professor thinks that his ideas will not be put into practice if A. Brazauskas becomes President. Even if K. Antanavicius fails to reach the second round of the elections, he does not intend to transfer his votes to another candidate.

In a press conference of the parliamentary opposition, held in the same building subsequently, V. Landsbergis evaluated some of the steps taken by the new Government in foreign policy.

V. Landsbergis stressed that the present discussion of the candidacy for the ambassador's post in Russia means in part that what is being established now is not an embassy, but an "old supply bureau." The parliamentary opposition leader rejected the reproaches that Lithuania has had no ambassador in Russia to this day. According to V. Landsbergis, V. Bickauskas was merely a provisional charge d'affaires in Russia because he was simultaneously deputy of the Supreme Council. Prior to that, C. Stankevicius, who has the ambassador's rank, had been proposed as ambassador of the Republic of Lithuania to Russia. His candidacy was blocked, V. Landsbergis said, and therefore all the reproaches must be directed at their authors themselves.

Presidential Candidate Not Allowed to Withdraw

934K0095B Vilnius LIETUVOS RYTAS in Lithuanian
15 Jan 93 p 2

[Article by Kestutis Jauniskis: "To Take Back One's Candidacy In Favor of Somebody Else Is a Noble But Impossible Deed"]

[Text] Presidential candidate K. Uoka informed LIETUVOS RYTAS on January 11 that since S. Lozoraitis has agreed to include in his program certain items on the struggle against corruption and legal reform, he will resign his candidacy in favor of S. Lozoraitis. The other candidate—Republican party chairman K. Petraitis—also did not discount the possibility that he might take back his candidacy in favor of K. Bobelis. In his press conference on January 12, Youth Theater actor R. Vilkaitis jested that he also might step down as candidate, but if he ever dared to take such a step he would do it at the last moment—the same way he decided to join the presidential race.

The chairman of the presidential elections commission, V. Litvinas, told LIETUVOS RYTAS yesterday that the law for the election of the President of the Republic of Lithuania does not provide for the possibility of taking back one's candidacy. In V. Litvinas' view, the absence of such a provision is one of the obstacles barring people who want to advertise themselves or having some other designs from running for the presidency. Presidential hopefuls who want to take back their candidacies may do it only morally, but if they will collect 20 thousand signatures they will have to take part in the presidential elections.

Yesterday the parliament was supposed to discuss the decision initiated by the LDDP faction on forming a commission to investigate the activity of the top presidential elections commission. The author of the decision, J. Bernatoniš, told LIETUVOS RYTAS that such a commission would investigate only the anti-constitutional activities of the commission. One of them

is the refusal to confirm the conclusions of the Supreme Court on the results of the elections. There are also other violations: the top presidential elections commission has illegally annulled the results of the elections in several constituencies. Moreover, in violation of the proportional principle of representation as provided by the law, representatives of the rightist political forces were appointed chairmen of almost all the district commissions. According to J. Bernatonis, penal proceedings will be soon initiated against the several members of the top elections commission who had declared that LDDP representative and member of parliament V. Kanapeckas had allegedly collaborated with the KGB.

The parliament may change only the composition of the top elections commission, but according to the parliamentary elections law, the commission must include only the representatives of parties or other political organizations. Therefore the replacement of some of the members of the commission will not compel the top elections commission to take legal and not political decisions. In J. Bernatonis' opinion, the top elections commissions would not have taken so many anticonstitutional decisions if, like the presidential elections commission, it would have had more jurists who do not represent any parties among its members. Therefore J. Bernatonis has not rejected the possibility that the article of the parliamentary elections law on the principles of the establishment of electoral commissions might also be changed.

Seimas Deliberates on 1993 Budget

934K0095C Vilnius LIETUVOS RYTAS in Lithuanian
15 Jan 93 p 2

[Article by Sigitas Urbonaviciute: "The Parliament Has Begun Discussing the Budget: Ten Days Without Foot Stamping?"]

[Text] Yesterday the Parliament began discussing the budget of the Republic of Lithuania for 1993, which in the best event may be completed by January 25. It was remarked that it was one of the few questions discussed in the Parliament in the usual, and not in an accelerated, manner. Throughout the previous week, the draft budget was discussed in committees and factions; the representatives presented their conclusions yesterday. Our state budget for the last year had 11 digits, this year's has already advanced to 12. The estimated income for this year is 1,050,833,588 thousand coupons (talonas), while the expenses should amount to 110,317,696 thousand coupons. The budget deficit is 5,834,025 thousand coupons. The main budget income: personal income tax (1,295,630 thousand), corporate income tax (25,134,000 thousand coupons). The largest income was derived from the added value tax (40,792,278 thousand coupons) and excise-duty—21,676,380 thousand coupons.

The representatives of committees and factions, who spoke at the meeting, did not mention additional income. Only E. Kuneviciene, who spoke in the name of

the Fatherland Accord, drew the attention to the fact that payment for the debts owed to Lithuania is not demanded and obtained, and that they are not mentioned as a source of income for Lithuania. The former minister of finance presented the most severe evaluation of the budget and proposed that it be returned to the Government for a review, with the expenses to be indexed. E. Kuneviciene sharply criticized the freeze of wages and salaries by the A. Abisala government in the last quarter of last year.

More than one speaker pointed to the same option for the reduction of expenses—the national defense. M. Pronckus, who spoke in the name of the agrarian committee, also mentioned the structures of state administration.

K. Jaskelevicius, chairman of the Budget and Finance Committee, presented a more extensive report. He called the budget a hardship and crisis budget, because it contains not a single area or ministry for which one could easily reduce the allotments. The rapporteur drew the attention to one circumstance—the draft budget was being prepared during an interregnum between two governments, and this seems to have relieved one of them of its responsibility and to have left very little time for the other one.

The Budget and Finance Committee made a bolder prediction about the possible income, saying that it may amount to 21 billion coupons. Potential additional funds—taking care of the internal and international accounting, and even a certain quickening of the economic activity.

In the name of his committee, K. Jaskelevicius proposed a 10 percent reduction of the governmental and administrative expenses for the state and for the local self-governments, 15 million coupons for the expenses of the parliament and 30 million for those of the state apparatus. It was suggested that the funds allotted for national defense be reduced by 600 million coupons. (The agrarian committee's proposal—2 billion coupons.) Considerable budget cuts are also proposed for the customs department and the Ministry of Economy.

Increases in subsidies were also proposed for the farmers support program, culture, education, science, and for the organs of the administration of justice and law enforcement: 154 million coupons for the General Prosecutor's office, 50 million coupons for the courts, and 2 billion coupons for the Ministry of the Interior.

In addition, the Budget and Finance Committee has supported the proposal of the Fatherland Accord to allot 1.5 million coupons for the state temperance program. The draft law for establishing state monopoly for the sale and production of alcoholic beverages was further discussed yesterday. After its adoption (it is being discussed more speedily) there should be a jump in the prices for alcoholic beverages.

A preferential place on the agenda is also being given to some changes in the Penal Code and the Penal Process Code, which were introduced as particularly important and necessary by the Minister of Justice J. Prapiestis. These are the articles of the code on the misuse of official powers, smuggling, negligent or deceptive accounting (this has to do with huge concealed income amounts that are missing in the budget), establishment of fictitious enterprises, production and sale of adulterated goods, production, sale and keeping of adulterated alcoholic beverage, abuse of the official status, an official's illegal participation in the commercial-economic activity of an individual enterprise, an article directed against the

mafia—organizing, leading or participating in a criminal association, and against racketeering—terrorization of individuals, etc.

A second version of the presidential law has now emerged. It mentions funds allotted to cover the President's state provisions and services. The draft law suggests that the President's salary would be 25 times larger than the minimum living standard, which would amount to 48 thousand coupons at the present rates. The salary of the provisional acting president is several thousand coupons higher.

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